The Circulation of Foreign Silver Coins in Southern Coastal Provinces of China 1790-1890

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ABSTRACT

This is a study of the monetary history of the Qing dynasty, with its particular attentions on the history of foreign silver coins in the southern coastal provinces, or, Fujian, Guangdong, Jiangsu and Zhejiang, from 1790 to 1890. This study is concerned with the influx of foreign silver coins, the spread of their circulation in the Chinese territory, their fulfillment of the monetary functions, and the circulation patterns of the currency in different provinces. China, as a nation, had neither an integrated economy nor a uniform monetary system. When dealing with the Chinese monetary system in whatever temporal or spatial contexts, the regional variations should always be kept in mind. The structure of individual regional monetary market is closely related to the distinct regional demand for metallic currencies, the features of regional economies, the attitudes of local governments toward certain kinds of currencies, the proclivities of local people to metallic money of certain conditions, etc. To examine the detailed monetary situation of those provinces will render a solid foundation for the general understanding of the national monetary characteristics. In addition, documenting the exact circulation and utilization of foreign silver coins in different regions of China can facilitate better knowledge of the Chinese economy and society in the late Qing when it encountered Western Powers.

簡介

這是一篇關於清代貨幣史的研究。它關注的是從 1790 年到 1890 年這一個世紀中外國銀元在中國南部沿海省份流通的情況。其中包括外國銀元的流入，流通區域的擴大，貨幣職能的履行，以及其在不同省份不同的流通方式。當我們研究中國貨幣史的時候，必須清楚地認識到中國從來就沒有一個完全統一的貨幣制度。在研究任何時空的時候，地區差異是我們必須加以關注的。地區貨幣市場的結構是與很多因素緊密相關的。這些因素包括：特定地區對金屬貨幣的特殊需求，地區經濟的特性，地方政府對各種貨幣的態度，以及當地百姓對各種貨幣的使用方式等等。對整個中國貨幣制度特點的概括，必須建立在對各個地區具體的貨幣狀況的考察之上。另外，對外國銀元在中國流通情況的細緻描繪，也將爲其他有關中國近代經濟和社會的研究提供一個堅實的基礎。

CONTENTS

INTRODUCTION

This is a study of China's monetary history from 1790 to 1890, focusing on the foreign silver currency circulating in the monetary system. The purpose of this study is to flesh out the picture of the circulation and use of foreign silver coins in China in the late period of the Qing dynasty (1644-1911), so as to advance our understanding of the influence exerted upon China's monetary system by this white metallic currency coming from the outside world. This study will reveal the regional characteristics of the monetary markets of different provinces located in the southern coast of China where foreign silver coins circulated. With the regional monetary features in mind, I attempt to evaluate the status of this foreign silver currency in those areas, which forms a foundation to deeper understanding of other important topics, like the regional economic cultures, the formation and coverage of an integrated interregional market, etc.. From a global perspective, this study contributes to the research on the global circulation of silver coins minted in Mexico.

Although China's first recorded issue of silver currency was in the reign of Wu emperor in Han dynasty (206 BC – 220 AD), copper coins played the fundamental role of basic money in China throughout the imperial period.[1] There was a continuity of state policy to control, no matter efficient or not, the issue of copper coins in succeeding dynasties. However, from the Song dynasty (960-1279) onward when China enjoyed its remarkable commercial and industrial development as called "the medieval economic revolution," the monetary system solely based upon copper coins seemed increasingly

[1] Yang Lien-sheng, *Money and Credit in China, A Short History* (Cambridge: Harvard University Press, 1952), p.42.

difficult to be sustained.[2] China's gradually expanding demand for a new type of currencies, driven by the development of China's private economy instead of public finance, was first met by the domestic silver output and then finally satisfied by the steady supply from the huge imports of foreign silver from Japan and the Spanish dominions in the New World beginning in the mid-sixteenth century.[3] The emergence of silver currency was also a result of the state's failure in sustaining the value of paper money. The transition from the copper coin economy of the early imperial era to the silver economy of the late imperial period marked a crucial watershed in the evolution of Chinese society, economy, and culture.[4] Yet China's transition to a silver monetary standard was by no means a consequence of, but rather a precondition for, the massive imports of foreign silver.[5]

During the period under investigation, China's monetary system had, up to a point, been integrated into a wider international economy. At that time, metallic money, as the most fluid commodities, could flow easily across political boundaries, through legal and illegal channels. Previous researches have revealed the close monetary connections between China and Japan as well as numerous Southeast Asian countries. But this study will not discuss such a complex integration, save using it as a background. The theme of

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[2] Mark Elvin, *The Pattern of the Chinese Past*. (Stanford: Stanford University Press, 1973), p.42.

[3] Several historians discussed on the tremendous imports of foreign silver into China. See Momose Hiromu, "Mindai no ginsan to gaikokugin ni tsuite," *Seikyū gakusō* 19 (1935): 90-147; Liang Fangzhong, "Mingdai guoji maoyi yu yin de shuchuru (1939)," reprinted in *Liang Fangzhong Jingjishi Lunwenji* (Beijing: Zhonghua shuju, 1989), pp. 132-79; Quan Hansheng, "Meizhou baiyin yu shiba shiji Zhongguo wujia geming de guanxi," *Zhongyang yanjiuyuan lishi yuyan yanjiusuo jikan* 28.2 (1957):517-50; Quan, "Ming Qing jian Meizhou baiyin de shuru Zhongguo," *Zhongguo wenhua yanjiusuo xuebao* 2.1 (1969):59-74; William Atwell, "Notes on Silver, Foreign Trade, and the Late Ming Economy," *Ch'ing-shih wen-t'i* 3.8 (1977):1-33; Atwell, "International Bullion Flows and the Chinese Economy circa 1530-1650," *Past and Present* 95 (1982): 68-90.

[4] Richard von Glahn, *Fountain of Fortune, Money and Monetary Policy in China, 1000-1700* (Berkeley & Los Angeles: University of California Press, 1996), p. 1.

[5] von Glahn, "Money Use in China and Changing Patterns of Global Trade in Monetary Metals, 1500-1800," in Dennis O. Flynn et al., eds, *Global Connections and Monetary History* (Burlington, VT: Ashgate, 2003), p. 188.

the study will focus on the roles of a specific type of metallic currencies within the territory of China. In fact, long-term trends in silver imports and money use demonstrate that the structure and evolution of the Chinese monetary system was primarily determined by changes in the demand for particular types of money within the domestic economy rather than extrinsic factors such as fluctuations in the supply and price of silver on the international market.[6]

Academics usually explain the reasons of the dramatic influx of foreign silver into China through two distinct approaches: one is to treat the imports as a consequence of the asymmetry of commercial exchange between China and Europe before the nineteenth century; the other is to view it as the result of a disequilibrium in production costs of this precious white metal and price levels in different parts of the world. Nevertheless, the profound influence of foreign silver on China's domestic economy is well acknowledged. It has been widely accepted that the collapse and even overthrow of the Ming dynasty (1368-1644) was in no small measure resulted from economic distress caused by interruptions in the import of foreign silver.[7] But previous explanation of the salience of silver imports in China's economy is still far away from documenting the exact pattern of foreign silver's circulation and use as well as its impact on China's economy, especially the monetary system. Actually, the vivid picture of the daily use of those round silver currencies can be as revealing as the general estimate of the amount of silver imports into China.

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[6] von Glahn, "Money Use in China and Changing Patterns of Global Trade in Monetary Metals, 1500-1800," p. 187.

[7] Atwell, "International Bullion Flows and the Chinese Economy circa 1530-1650"; Atwell, "A Seventeenth-Century 'General Crisis' in East Asia?" *Modern Asian Studies* 24.4 (1990): 661-82; Frederic Wakeman, "China and the Seventeenth Century Crisis," *Late Imperial China* 7.1 (1986): 1-26.

It is, to some extent, misleading to apply the term "Chinese monetary system" to defining the systems prevailing in parts of China, although it seems obvious to notice some superficial forms of national monetary phenomenon---for example, similar appearance of the coin (especially copper coin), similar native banking practices, similar forms of official monetary institutions. For the Chinese monetary system, at any particular time and in any designated place, there would always be local variations. The differentiation is to some extent more prominent than the similarity. Different currency composition of the monetary market, different official and private attitudes towards specific currencies, different levels of the development of financial institutions, different regional trade structures and so on jointly brought about the peculiarities of the regional monetary system of China. Neglecting the regional differences in China will inevitably lead to distortion of the historical reality.

In addition, within the nineteenth century---the century of turbulence, China experienced a series of the most dramatic and influential events. Previous studies are usually inclined to apply some events, like the Opium War, the Second Opium War and the first Sino-Japanese War, to periodizing Chinese modern history. As far as this study is concerned, all those events do not apply, since they are more political than economic, more precisely, than monetary. Neither the penetration of foreign silver coins into the coastal area, nor the spread of those coins into the hinterland coincided with those political events.

Actually, we are accustomed to the saying that the "Canton system" was so restricted to the outside world that in the period to the Opium War foreign powers could hardly exert their influences on China. The view has some truth in it; but in terms of monetary

aspects, long before 1842---the close of the Opium War, the lasting and stable influx of foreign silver, largely in the form of coins, did begin to penetrate into the indigenous monetary system and gradually changed it despite the remarkable regional differences. The impact exerted by the influx of foreign silver is more likely the natural consequence of the foreign trade between littoral China and the outside world throughout the entire Qing period, no matter in authorized foreign trade or in illicit trade.

Along with the expanding influence of foreign silver coins in the Chinese monetary markets, the Qing government finally sanctioned to mint China's own Dragon dollar according to the universal standard of foreign coins in the end of the 1880s. It represented a grudging concession on the part of state to the supremacy of foreign silver coin in the private market, especially in the most commercialized southern coastal provinces. Thus, this study would rather focus its attention on the key one-century period from 1790 to 1890 so as to reveal the transformation of the Chinese monetary system by foreign silver coins. Nevertheless, some necessary modification in the dates must be made if specific monetary problems are to be understood.

If we accept a monetary system as existing and emphasize its actual manifestation in the economy, the basic discussion of concepts can hardly be dispensed with. Hence the basic monetary terms applied in this study are defined in Chapter 1. These discussions are unavoidably abstract and give the impression of remoteness from reality. The method employed does not claim for any kind of novelty. On the contrary it attempts only to formulate what money and monetary systems really mean when we deal with the concrete history. It is necessary to find a more convenient and somewhat more exact terminology, even though on that account it may seem pedantic.

In Chapter 2, this study outlines the general trends of silver influx into China from the outside world since the mid sixteenth century, and describes the main editions of foreign silvers coins flowing into China in the period under this study's concern. It should be kept in mind that a study of China's monetary system is far more than offering a numismatic inventory. This study by no means has an attempt at duplicating the works of Eduard Kann, H. B. Morse or Peng Xinwei. It will introduce the illustrations of their studies at times, for example, a picture of a particular foreign dollar coin and some relevant explanation about it would render to readers a vivid impression on the silver coins which had particular popularity in specific areas of China. More importantly, foreign silver coins usually had their designated Chinese terms, and all those terms were given in terms of the designs of coins. Sometimes it is not possible to correctly understand the historical texts without basic knowledge about numismatics.

In Chapter 3, which is the main body of this study, the spread of silver coins toward entire China is sketched. It reveals foreign silver coins had not won any considerable role in the monetary markets in the areas other than the southern coastal provinces. This part proceeds to concretely picture the specific circulations of silver coins in Fujian, Guangdong, Jiangsu and Zhejiang. It further depicts the various ways of using coins and the distinguished attitudes towards the currency. It puts the differentiation between the traditional tael system and the new-born dollar system into the concrete historical context, and illustrates the relationships between them, in order to vividly show the patterns of the monetary systems in those provinces and rationally estimate the different statuses of foreign silver coins in the local economies.

This study holds no ambition to draw a conclusive answer to whether state or market dictated the choice of the medium of exchange, despite the acknowledged significance of this question; instead, it puts most of its attentions on documenting the various local choices and the shift of those in different regions of China within the century concerned. But, at times, this study will necessarily mention some obvious impacts caused by the government or the private activities on the constitution of local monetary structures.

In addition, this study is reluctant to view the introduction and circulation of foreign silver coins into China's domestic currency markets within the period under investigation as a sign of modernization, or even a development. Although the expanding use of those coins and the transformation of local monetary system caused by their wide circulation did coincide with the line of a series of monetary reforms in some places. In most cases, however, the penetration of foreign silver in the form of coin was no more than a natural consequence of foreign and domestic trades. Coins were not necessarily better than bullion in all aspects of China's monetary sectors. Actually, the Chinese monetary system proved adaptable enough to meet the demands placed upon it. The monetary system was not a stumbling obstacle to China's modernization.[8]

The surviving documents are insufficient to enable us to give comprehensive quantitative or economic analysis. This study has to mainly base its examination upon government records, private writings and limited private commercial transactional deeds which are neither systematic nor continual. Furthermore, monetary theories might offer a useful instrument for analysis. A careful and clear understanding of money and its functions may also bring insight into the circulation of foreign silver coins and their

[8] Frank H. H. King, *Money and Monetary Policy in China, 1845-1895*, (Cambridge: Harvard University Press, 1965), p.20.

accurate status in monetary markets. Nonetheless, this study is but a tentative step toward a comprehensive research on the monetary history of late imperial China. Foreign silver coins played an important role in the monetary systems and the development of the economies of the southern coastal provinces in this period. But their role could not be overestimated. The monetary system of the Qing consists of many kinds of currencies, and the thorough analysis of other currencies awaits further research.

CHAPTER ONE:

BASIC MONETARY TERMS

Normally, economists and historians treat money from two different perspectives: economists are primarily concerned with what money does, that is to say, the abstracted functions of money; in contrast, historians usually put more of their attentions on the working mechanism on the level of concrete historical contingency, in other words, concrete objects constituting money, the values represented by it, social cultures affected by it, the way of utilizing it within transactions, and so on.[9] As far as this study is concerned, it is putting forth its main attention on a given form of metallic money circulating in Qing China in which the monetary system held some peculiar characteristics distinct from those in the West as well as some common to all metallic monetary systems, so the necessary clarification of some basic monetary concepts is of essential importance. The theoretical and conceptual framework based upon the generalization and simplification of economics will facilitate us to analyze the monetary phenomenon which is easily blurred by direct observation in the concrete and complex historical context.

The Qing's monetary system is without question a metallic monetary one which may be defined as a system based on a metallic currency system but having alternative or supplementary forms of money which depend on their assigned value logically and ultimately on their exchangeability for metallic currency. And a metallic currency system

[9] John Hicks, *Critical Essays in Monetary Theory* (Oxford: The Clarendon Press, 1967), p.1.

means one in which the assigned value of the commodity used as money is thought to be essentially derived from its market value as non-money.[10]

In fact, numerous works have been written so as to discuss on a precise definition of money which is nowadays still under hot dispute. Despite that, economists generally define money in terms of its functions. Most accounts of the nature of functions of money just tend to set up analytical models for the theorists. As a result, economists usually hold different opinions on the specific content of the list of standard functions of money. Even if some of them agree upon the terms in the list, their ideas about the relationship among those functions would differentiate from others. This study by no means intends to give a definitive economic concept of money. The aim of adopting some basic functions, which are most widely accepted by economists, is no less than trying to establish part of the suitable theoretical framework based upon the economic conceptualization.

Basic Functions of Money

According to the classic economic textbook, the basic functions of money are threefold: to act as a medium of exchange (a means of payment), a store of value and a measure of value (a unit of account).

The Swedish economist Knut Wicksell (1851-1926) first emphasized on the preliminary importance and logically antecedent status of the function of money as a medium of exchange, and most economists tended to follow his footsteps. [11] The medium of exchange function is the result of the need of facilitating multilateral exchanges. The

[10] King, *Money and Monetary Policy in China*, p. 28.

[11] See Knut Wicksell, *Lectures on Political Economy*, trans. E.Classen and ed. Lionel Robbins (London: Routledge & Kegan Paul Ltd, 1934), II: 7; Ludwig von Mises, *The Theory of Money and Credit*, tran. H. E. Batson (New Haven: Yale University Press, 1953), pp. 30-34; and John Hick, *A Theory of Economic History* (Oxford: Clarendon Press, 1969), pp. 63-68.

earliest form of exchange, prior to the evolution of money, might be *simple barter*, where two parties have to find goods or services of equivalent value so that the direct exchange can happen without recourse to any common measure of value. But simple barter is inconvenient. Thus exchange parties logically moved from simpler barter towards practicing *indirect barter*, wherein they acquire commodities not for direct use, but for exchanging them for some other items in desire. [12] The goods obtained through indirect barter, as the assurance of an equivalent value to receive some satisfaction later from some others, serve as a medium of exchange. That is to say, money, first of all, is an object traded not for immediate consumption. With the fulfillment of this function, money makes possible indirect production through division of labor, specialization and exchange.[13] When the goods are guaranteed by convention or by law to be accepted as a medium of exchange, it could also be called a "means of payment."[14]

Another main function of money is serving as a store of value. This function enables the seller to postpone exchanging the medium of exchange for real goods and services. In some societies, some commodities, like cattle and grain, could be employed as media of exchange. But those goods are unqualified to be defined as money, since they are not durable, so cannot make their values stored for a long period of time. In opposition, gold and other durable metals naturally served most admirably as a store of value, since they are imperishable and do not fluctuate as much in value as do most other things. As a store of value, money not only enables the transfer of value across time as well as space, but also becomes an object to exchange in itself. The party could exchange money for a contract of debt instead of for a consumptive commodity. In addition, the social certainty

[12] Hicks, *Critical Essays in Monetary Theory*, pp. 4-7.
[13] J. L. Hanson, *Monetary Theory and Practice* (Plymouth: Macdonald and Evans, 1983), p.18.
[14] Max Weber, *Economy and Society* (Berkeley & Los Angeles: University of California Press, 1978), p.76.

that a monetary medium would be redeemed in the future at current value enhanced its utility as a store of value.

The third basic function of money, which is probably more significant to this study than the other two, is to act as a measure of value. The money itself is not born with the capacity of being a unit of account. The difference between money and a unit of account could be hardly detected without logical and analytical reflection. It could be elucidated by saying that a unit of account is the description or title, and the money is the thing which answers to the description.[15] Thus, precisely speaking, the function of the measure of value represents the combination of money and the unit of account. Here lies the complexity of the metallic monetary system which is often blurred when discussing modern monetary systems in which money has a fixed value in terms of the unit of account. In a metallic monetary system, some types of money are combined with the unit of account, and others not. Specifically speaking, within the metallic monetary regimes where currencies were coined or minted with unified forms, the use of money as a measure of money is generally inhere in the forms of money. In other regimes, the unit of account does not directly correspond to a physical instrument of payment. It is, however, not to say in that dimension metallic currencies could not fulfill the measure of value function; but, rather, to say that fulfillment would rely on the combination between money itself and certain external measuring systems, which normally evaluated the weight and fineness of metallic money. The distinction above is fundamentally important if the Chinese monetary system in particular is to be understood.

Thus, money which possesses one (or two) of those basic three classic monetary functions could be defined as partial money, in contrast to full-fledged money, which

[15] J. M. Keynes, *A Treatise on Money* (London: Macmillan & Co Ltd, 1958), pp. 3-4.

possesses all three of those functions. Actually, the dispute upon the priority of its use as a medium of exchange or a store of value does not mean so much to the internal structure of the theoretical framework of this study. When the monetary situation of the Qing is examined, the most important factor for determining a kind of money fully developed or partial is mainly based upon if the money itself can fulfill the monetary function as a unit of account.

It could be announced without question that within the original monetary regime of the Qing, only copper coin, as money, enjoyed its identical name with the unit of account *wen* without limit in the entire territory of China. One *wen* unit of account could be satisfied by payment of one copper coin. In other words, any merchandise, debt or any other kind of money could be measured by the precise number of copper coins. In contrast, China's native silver currencies could not circulate in that way. Silver ingot has a very ideographical term, *yinliang* (Silver Tael) which is combined with two Chinese characters *yin* (silver) and *liang* (tael). The former character means silver fineness, and the latter means weight. Such a meaningful term happens to remind us that only the standard combination of precise weight and fineness should be employed as a Money-unit.

It is nothing more than a misunderstanding that the amount of silver tael could be counted purely by its weight unit---tael. Actually, previous studies of China's silver monetary system, like the landmark work of Miyashita, normally define China's silver tael as a silver standard purely which purely based its unit upon its weight according to the weight. That is to say, they treated the unit of weight --- tael --- itself was sufficiently

able to play the role of money-unit.[16] It would have been by no means true, unless there was the satisfaction of its precondition that a uniform silver fineness existed. As a matter of fact, monetary markets in different parts of China are filled with silver tael with various finenesses and names. Even private money shops could mint silver ingots with their own stamps, and silver ornaments could be also used as currency. Within transactions, "after the weight is settled, or rather scales are designated, it is then necessary to fix the fineness".[17] Furthermore, "tael" itself is not a weight unit with uniformity. The exact weight indicated by a tael is determined by the specific weighting system operating. In the Qing, there were four main weighting systems, namely, Treasury Standard (*kuping* 庫平), River Standard (*caoping* 漕平), Pass Standard (*guanping* 關平), and Canton Standard (*guangping* 廣平), familiar to us.[18] In fact, innumerable regional tael systems, many of which are nameless now, were, however, operating in different areas of the Qing.[19]

Thus, when silver tael is paid in commercial transactions, the trade parties will certainly negotiate on the silver fineness and weight so as to get the precise amount of pure silver. For example, it would be labeled as "something is priced at 20 tael silver with the fineness of 95%, according to Canton Standard". Even banknotes issued by native banks (*yinhao* 銀號 or *qianzhuang* 錢莊) or note banks (*piaohao* 票號) are always labeled clearly on those two issues. In respect to such a complicated situation, the unit of account of silver tael should be treated as an imaginary tael which does not directly

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[16] Miyashita Tadao, *Chugoku heisei no tokushu kenkyu : kindai Chugoku ginryo seido no kenkyu* (Tokyo : Nihon Gakujutsu Shinkokai, 1952), p. 10.
[17] Julean Arnold, *A Commercial and Industrial Handbook* (Washington: Government Printing Office, 1926), p.154.
[18] See Peng Xinwei, *Zhongguo Huobishi* (2nd ed., Shanghai renmin chubanshe, 1958), pp.537-38.
[19] For example, *yangli* in Hankou, *yuping* in Chongqing, *jinping* in Tianjin, *jiangping* in Ningbo, *shiping* in Amoy, *bianping* in Kaifeng, *yancaoping* in Yantai, *yingping* in Niuzhuang and so on.

correspond to a physical instrument of payment. This is the significant difference between the Qing's silver monetary system from its copper one. After all, in most cases silver tael could be only treated as a kind of partial money which could not fulfill all basic monetary functions.

The detailed exposition here is within intention to indicate that the separation between a unit of account and the silver currency in bullion is a normal feature of the traditional Chinese silver monetary system. Confusion of those two concepts has led some to assume that a debt of a tael silver ought somehow to be settled by payment of a silver ingot weighing exactly one tael. But this simply has not been the case. However originally derived, a unit of account must be considered at any one time to be given datum, that is, to exist independently of any means of payment. Those responsible for the manufacture of coins might be expected to design them to pass in simple relationship with a unit of account, but this was a matter of convenience.[20]

Nevertheless, at this point, the distinction between full-fledged money and partial money should, up to a point, be merely considered as a logical abstraction within the monetary theory. Although the theoretical differentiation is important to be used as an analytical instrument to explain and understand the evolution of money within the historical context, the distinction by no means equals any "stage" explanation of economic or monetary development. That is to say, this study has no ambition to declare in a metallic monetary system, the Chinese one in particular, the full-fledged money enjoyed any higher status than the partial one. In fact, no matter they are full-fledged or partial, different types of money always enjoy internal dynamics with minute difference as circulating currency in markets, especially in the case of nineteenth-century China.

[20] King, *Money and Monetary Policy in China*, p.29.

Actually, in Qing China the very existence of partial money had been facilitated by the well-established money shops which were responsible for assaying and weighing metallic currencies before each payment.

China's Bimetallism

While dealing with the Chinese monetary system, China, as a nation, had neither a unified economy nor a uniform monetary system. It is dangerous to introduce the concepts of Western monetary history into the Chinese context without caution. The monetary system in the Qing was not a classic bimetallism defined by the economics of money, although silver and copper were in general circulating concurrently as money at that time. The classic form of the bimetallism may be defined as a monetary system in which two metals, usually gold and silver, were used as a standard and coined without limit at a ratio fixed by legislation that also designated both of them as legally acceptable for all payments. The term was first used in 1869 by Enrico Cernuschi (1821–96), an Italian-French economist and a vigorous advocate of the system. As the ratio is determined by law, it has no relation to the commercial value of the metals, which fluctuates constantly. Gresham's law, therefore, applies; i.e., the metal that is commercially valued at less than its face value tends to be used as money, and the metal commercially valued at more than its face value tends to be used as metal, valued by weight, and hence is withdrawn from circulation as money. Working against that is the fact that the debtor tends to pay in the commercially cheaper metal, thus creating a market demand likely to bring its commercial value up to its face value. In practice, the instability predicted by Gresham's law overpowered the cushioning effect of debtors'

payments, thereby making bimetallism far too unstable a monetary system for most modern nations.[21]

This classic definition is much more applicable to the monetary situations of western countries (i.e. England, France and the United States) than to China. Aside from England, which in acts of 1798 and 1816 made gold the standard currency, all countries practiced bimetallism during the late 18th century and most of the 19th century. Two precious metals---gold and silver---have been utilized within the monetary regimes of Europe and Western Asia. In contrast to the situation of those places of the world, the Chinese monetary system's utilization of copper coin as a fundamental currency made itself a quite singular phenomenon. Moreover, the silver and copper currencies, *de facto*, have never circulated at some fixed ratio in China, although there was an imaginary empire-wide ratio.[22] Thus, Frank King tried to apply a concept "parallel bimetallism" to defining the monetary system in the Qing dynasty. He described the parallel form as a monetary regime in which two currency systems, each using a different metal, exist side by side. The two metals have fluctuating values in terms of each other, and dealing between them involves an exchange operation and a consequent exchange risk. Such a system is most likely to develop where the metals serve two different markets or two different types of payments, for then the exchange risk occurs only when transfer is being made from one market or type of payment to another, and can be borne by specialists in exchange. Furthermore, he posits that copper serves the retail market and is used for payment of

[21] J. L. Laughlin, *The History of Bimetallism in the United State* (New York : D. Appleton, 1896), pp. 1-2.
[22] In Shunzhi reign, Qing government proclaimed the debt of a tael could be satisfied with the payment of 1000 copper coins.

daily wages while silver is used in the wholesale market and for payment of larger salaries.[23]

This new definition is still not precise enough to generalize the characteristics of China's bimetallism within this period. The Qing government did not monopolize the issuance of silver currencies. Not only official institutions but private money shops could mint silver currencies with different weights and finenesses.[24] Neither imports nor exports of the white metal were prohibited by the government in the period to the 1830s.[25] In other words, the government held no control over the supply and the coinage of silver currencies. In the copper sector, however, coinage was proclaimed by legislation to be the exclusive right or the government. People who counterfeit copper cash would be sentenced gallows.[26] The government established mints in various provinces and assigned annual quotas of copper cash to be struck. Hence, the coinage and supply of copper cash were theoretically controlled by the government. However, in practical terms, the Qing government could not even maintain its authority over the copper sector, especially since the mid 18th century. Counterfeit became a very prevalent phenomenon in many regions of China. The little authority over the monetary system resulted in the fluctuating exchange ratio between silver and copper currencies. The exchange ratio was of remarkable difference in different places.

In addition, the separation of the two markets generally served by silver and copper was not so rigid, mainly depending upon the various local demand for and supply of either or both of two metallic currencies. Nonetheless, in most cases there was an

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[23] King, *Money and Monetary Policy in China*, p.40.
[24] Zhang Tingyu et al. eds., *Qingchao wenxian tongkao* (Shanghai: Shangwu yinshuguan, 1936), *kao* 5002b.
[25] Daoguang Emperor, "Bo Tao Shu deng yizhu yinyuan bingzhuo xingbu ding jinyin chuyang tiaoli deng," in *Zhongguo jindai huobishi ziliao* (henceforth ZJHZ, Beijing: Zhonghua shuju, 1964), p.18.
[26] *Daqing lüli* (Beijing: Falü Chubanshe, 1999), p.511.

overlapped field in which both kinds of money could operate with equal efficiency. Copper cash was not a purely subsidiary currency to silver money. To a certain extent, one could still substitute for the other outside this common filed.[27] Furthermore, in an extreme case, silver was actually not available in the community and copper cash was the only metallic currency, that is monometallism rather than bimetallism.[28] Actually, up until the nineteenth century, people in many parts of China still settled transactions like land sales and other real property in copper coin.[29] In the north, a large part of northwest, and southern Manchuria cash notes were most widespread, serving as means of payment for wholesale trade and for business dealings which involved normally more than 1,000 cash.[30]

The introduction of foreign silver coins inevitably brought additional complications to the regional monetary system. The circulation of silver dollars in given areas was actually closely linked to the situation of bimetallism there. Hence, on the basis of being aware of the complexity and characteristics of China's bimetallism, it will be convenient to realize the regional differences of the Qing's monetary system.

The Terminology

This is a study written in English with purpose of dealing with the monetary system in the Qing dynasty. It will inevitably face some difficulties in translation, since various

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[27] Also see, Wang Yeh-chien, "Evolution of the Chinese Monetary System, 1644-1850," in *Modern Chinese Economic History: Proceedings of the Conference on Modern Chinese Economic History, Academia Sinica*, ed. Chiming Hou and Tzong-shian Yu (Taibei: Institute of Economics, Academica Sinica, 1979), pp. 426-27.

[28] Zhang Yinglin, *Cheng'an xianzhi* (1933), *juan 9*, in *Zhongguo Difangzhi Jingji Ziliao Huibian*, ed. Dai Angang and Huang Wei (Shanghai: Hanyu Dacidian Chubanshe, 1999), p.1052.

[29] Kurodo Akinobu, "Shindai gin sen nikasei no kōzō to sono hōkai," *Shakai keizai shigaku* 57.2 (1992): 232.

[30] *ZJHZ*, pp. 95, 126-31, 133, 339.

currencies normally have their designated Chinese terms. In addition, basic abstraction is of necessity in order to help understand the concrete monetary systems. This section means to provide some definitions which will be frequently used in the rest of study. However, it is not a glossary. The scarcely used terms will just be given beside them their pinyin and Chinese characters.

Tael, which is said to derive from the Hindu *tola*, is the standard translation for "*liang*", was originally a unit of weight. In the sector of the Qing's monetary system, traditional silver currencies, including ingots, bars, and fragments, were expressed in terms of weight, e.g., a tael of sycee silver. However, there were hundreds of different kinds of taels in use in the Qing, and just as many degrees of fineness in the silver. The combination of a tael and a certain silver fineness, usually sycee fineness (*wense* 紋色), is *de facto* the precise definition of a unit of account, which was normally independent from silver bullions, in China's traditional monetary system.

Sycee, the origin or which cannot be authenticated but is most probably derived from the Cantonese expression "*xisi*" (細絲), is usually used to call the silver ingots in shape of shoes. However, if we take its origin into account, sycee was in fact applied to describing a certain silver fineness, since it literally means the fineness of a silver currency is glossy like silk. Thus, in this study, sycee is the standard translation of "*wense*" (紋色) or "*wenyin*" (紋銀); in the meantime, "silver ingot" is used to translate "*yinding*" (銀錠) or "*yuanbao*" (元寶) issued either by the government or by the private mints.

The Silver Tael System is used to define the Qing's traditional monetary system in which the *tael* unit of account should be treated as an imaginary tael which is separated from the currency itself. Within this system, a specific silver currency should be

transacted in accordance to the negotiation between the trade parties upon the fineness, as well as the weight system which is to be employed to measure the weight of that currency.

Dollar traditionally has two meanings with regard to the metallic monetary system. On the one hand, it represents the coined currency itself; in that case, any silver coin could be described as a silver dollar. On the other hand, it represents a unit of account which could be logically and analytically abstracted from the currency itself. This dollar unit would define a weight of bullion of a certain fineness, a weight and fineness determined by the original ideal weight of the prefect dollar coin. However, in practice, especially in the Qing monetary system, the *dollar* unit was not necessarily identical to the silver coin. In addition, in this study, "dollar" is also used as the standard translation of "*yuan*", which is specifically designated to the silver coins which could circulate with the *dollar* unit at par.

The Dollar System is to define the monetary system in which a silver coin has its identical face value with that represented by the *dollar* unit of account. This system came into being after the large imports of foreign silver coins into China. Within the system, the unit of account is integrated into the currency itself, so the silver coin is able to be transacted by number in stead of by weight with authenticating its fineness.

CHAPTER TWO:

THE INFLUX OF FOREIGN SILVER INTO CHINA

China's transition to a silver monetary standard took place on the basis of the silver supply of two sources: the one was the output of domestic silver mines; the other was the import of silver from the outside world. The domestic silver output of China, especially from the Ming dynasty onwards, was too insufficient to support the growing monetary demand of Chinese markets.[31] Fortunately, the remarkable insufficiency of domestic silver supply was compensated by the steady influx of foreign silver, mainly from Japan and the New World.

In 1545, Spanish colonists discovered large silver mines in Potosi of Peru, and began to mint silver coins there (Fig. III.1).[32] In fact, technically, those foreign silver currencies could not be defined as "coin" or "dollar"; rather, it should be more properly called "cob" since instead of being struck by machinery, they were manufactured, so that they were unable to attain an exact standard shape, size, weight, and fineness. The Spanish silver coins have been steadily flowing into China since the mid 16th century. People in Chinese trade ports like Canton, Ningbo and Amoy gradually became familiar with those coins after 1571 through their foreign trade with Spanish merchants in Philippines.[33] Guangdong and Fujian provinces obviously got in touch with and imported foreign silver

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[31] Quan Hansheng calculated the annual silver output in the Ming dynasty according to *Ming shi lu*. The total amount of the domestic silver output in China from 1390 to 1520 is approximately 39.37 million taels; that is to say, the annual output on average is about 300 thousand taels. See Quan, "Mingdai de yinke yu yinchanliang", in Quan, *Zhongguo jingjishi yanjiu* (Hong Kong: Xinya yanjiusuo, 1976.), pp. 209-232.
[32] Robert Chalmers, *A History of Currency in the British Colonies* (1893, rpt, Colchester: J. Drury, 1972), p.391. Those coins are the first Spanish milled dollars stamped with Pillar of Hercules.
[33] *Ibid.*, p.371. In 1571, the Spanish conquered Luzon and founded Manila.

coins much earlier than other Chinese provinces did.[34] As early as in the late Ming dynasty, the silver demand in those two provinces had mainly depended on the foreign supply.[35]

Fig. III.1: 8 Reales , Silver 1556, (Potosi Mint)

Actually, previous studies have done a lot of research on the issue of general imports of foreign silver coins into China from the mid Ming to the Qing. This section attempts to picture the general historical context of the influx of foreign silver in the three and a half centuries from 1540s to 1890s so as to reveal the magnitude of the silver imports into China from the outside world, as well as the significant status of the foreign silver in the entire Chinese monetary structure.[36]

Actually, in the early Ming dynasty, some of the coastal provinces, for example, Fujian and Zhejiang, where foreign silver coins won their popularity in the later period, used to be one of the important silver producing areas in China.[37] But in the Tianshun reign (1457-1464), the silver mines there were shut down by the Ming government, insofar as

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[34] The Spanish cobs have been excavated in the coastal places of Fujian and Guangdong provinces, like Quanzhou, Zhangzhou, Nan'an, Jingjiang, Canton and Chenghai. See Mao Xiushan, "Mindi yanhai chutu xibanya yinbi tanyuan," *Xuehui*, 1994. 2: 45.

[35] He Qiaoyuan, *Mingshancang*, 51.3b, in *Xuxiu sikuquanshu* (Shanghai, 1995), vol. 426, p.457.

[36] As for the previous research on imports of foreign silver coins into China, see Liang, "Mingdai guoji maoyi he yin de shuchuru"; Quan, "Ming Qing jian meizhou baiyin de shuru zhongguo"; Odake Fumio, "Minshin jidai ni okeru gaikokugin no ryūnyū," in Odake, *Kinsei Shina Keizaishi Kenkyū*, (Tokyo: Koubundou, 1942); and Momose, "Shindai ni okeru supeinfutsu no ryūtsū," in *Shakai Keizai Shigaku*, 6.2(1936): 1-25, 6.3(1936): 28-60, and 6.4(1936): 43-65.

[37] Qiu Jun, *Daxueyanyi bu*, 29.14a-b, (Taibei: Taiwan shangwu yinshuguan, 1971); Song Yingxing, *Tiangongkaiwu*, (Hong Kong: Zhonghua shuju, 1978), p.343.

they became nearly exhausted and the exploitation was unable to meet the established quotas.[38] From the mid Ming period onwards, Yunnan province had succeeded to the most prominent silver producing area in China. The discovery of new silver mines in Yunnan was, however, still unable to render enough silver to satisfy the domestic monetary demand. Fortunately, the steady silver imports from the outside world, in the meantime, became a reliable source of that white currency metal.[39]

The silver imports into China since the sixteenth century mainly consisted of two segments: the one from Japan and the other from the Spanish colonies. In 1540s, Japanese silver discovered in Iwami and western Honshu began to flow into Fujian and Zhejiang.[40] Korean annals from the 1540s and 1550s recorded that Chinese merchants traveled to Japan for the sole purpose of procuring silver.[41] The total quantity of Japanese silver exported to China before 1600 was on the order of 1,200 to 1,370 metric tons.[42] Beginning in the 1570s, the influx of silver from Japan was complemented by silver imports from the New World.[43] Chinese merchants, mainly from Fujian, quickly seized the opportunity to conduct trade in the Philippines and brought back a tremendous amount of Peruvian silver. According to the argument of Quan Hansheng, most of the silver transported from the Spanish colonies in America to the Philippines was procured by merchants from China.[44] The trade between Fujian and Manila reached its peak in the first two decades of the seventeenth century. Richard von Glahn estimated the total amount of the silver imports from Manila into China during the period from 1586-1645 is

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[38] Momose, "Mindai no ginsan to gaikokugin ni tsuite", p.143.
[39] Lan Dingyuan, "Lun Nanyang shiyi shu", in Lan, *Luzhou chuji*, (1879, rpt, Taibei: Wenhai chubanshe, 1977), 3.4a.
[40] von Glahan, *Fountain of* Fortune, pp.114-15.
[41] *Ibid*, p.126.
[42] *Ibid*, p.134.
[43] *Ibid*, p.118.
[44] Quan, "Ming Qing jian meizhou baiyin de shuru zhongguo," p.442.

approximately equivalent to 834,707 kilograms.[45] The massive imports of silver in the century from 1540s and 1640s may be defined as the first tide of the silver influx into China.

The maintenance of the imports without doubt largely relied upon the sustaining foreign trade between China and foreign countries. Although the interdiction of private maritime commerce was decreed by the Ming government in 1371 and some severe measures were sometimes taken to halt the intercourse between Chinese merchants and foreign traders, by the late fifteenth century the enforcement of the ban had grown lax. At that time, Chinese and Portuguese merchants strived to conduct their clandestine trade between China ports and other East and Southeast Asian countries. For the two decades from the 1550s and the 1560s, the Chinese maritime trade suffered once again owing to the Wokou troubles. After that, the trade revived and enjoyed a continual flourish at least until the 1640s. The evidence does not bear out the thesis that China suffered a sharp contraction in silver imports in the late Ming. The contemporaries also witnessed the unprecedented prosperity of the silver trade at that time. For example, Li Tingji (1541-1616), a native of Jinjiang which is a place in the southern Fujian province, recorded that the local people often traded with Luzon with cheap and shoddy goods which they exchanged for silver; returning home fully laden with silver coins, and often attained great wealth.[46]

The Chinese maritime trade was, however, severely disrupted in the early Qing dynasty due to the reinforcement of the interdiction decreed by the government in 1661 which forbade coastal people to sail in order to cut off the connection between the

[45] von Glahan, *Fountain of Fortune*, p. 124.
[46] Li Tingji, "Bao Xu Shilou," in Chen Zilong et al. eds., *Huang Ming jingshi wenbian* (1637, rpt, Taibei: Guolian tushu chuban youxian gongsi, 1964), 360.23b-24a.

remnant forces of the preceding Ming dynasty in the southern coastal province and Taiwan. This official ban had a chilling effect on the oversea trade, and resulted in the diminution of foreign silver coins circulating in the local market within that period.[47] Most of the coins, which previously circulated in the market, were either hoarded as curiosities or melted and recast into silver ingots. In addition, at the same time that the Qing government enacted the sea ban, the Japanese government, alarmed by the exhaustion of its silver mines, imposed strict limits on the export of silver. It is estimated that the total quantity of silver imports into China in the last four decades of the seventeenth century was on the order of 949.1 metric tons, which barely equaled to one fourth of the total quantity in the first six decades.[48] The shortage of incoming foreign silver coins caused severe impacts in those coastal provinces which had been accustomed to rest their local economy on the stable influx of foreign silver. A contemporary official Lan Dingyuan (1680-1733) wrote, "There is no silver mine in Fujian, [therefore the local currency supply] completely depends on foreign silver coins. Along with the sea ban lasting, there will be no more [silver] supply. [Fujian People] will inevitably use paper money so as to satisfy the daily monetary need."[49]

Facing the intense protest, the Qing government finally approved to rescind its ban on maritime trade in 1684, and subsequently opened Amoy, Canton, Songjiang, and Ningpo Customs. The foreign trade in Fujian had revived steadily since then, although prior to the Yongzheng reign (1723-1735) the import current of foreign silver coins was not

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[47] Mu Tianyan, "Qingkai haijin shu," in He Changling ed., *Huangchao jingshi wenbian* (1886, rpt, Taibei: Guofeng chubanshe, 1963), 26.40b. As a matter of fact, in the commercial contracts dated in early Kangxi reign, it can be noticed the use of foreign silver coins in private transactions. See Yang Guozhen ed., "Minnan qiyue wenshu zonglu", in *Zhongguo shehui jingjishi yanjiu*, supplement (1990), p. 285.
[48] von Glahan, *Fountain of Fortune*, p. 232.
[49] Lan, "Lun Nanyang shiyi shu", p.119.

remarkable, and even much less in comparison to the scale in the Ming period.[50] With more and more foreign silver coins swarming into the coastal areas of China through the maritime foreign trade, the circulation of those coins began to flourish again in the local markets since the mid Qianlong reign. The imports of foreign silver coins from the mid Qianlong reign to the early Daoguang reign (1760s-1820s) could be described as the second tide of the silver influx into China.

There are several important distinctions between the first and the second tides of silver influx. Firstly, the first tide from 1540s and 1640s mainly consisted of the import of Japanese silver and that of Spanish colony silver via Manila; on the contrary, the second tide almost entirely rested on the silver coins produced in Latin America. Secondly, during the Ming period, silver was brought to China by Chinese and Portuguese merchants after conducting their trade in foreign ports, like Nagasaki and Manila; that is to say, Chinese people were sailing overseas to procure silver at that time. In contrast, as soon as the establishment of the Canton system, a new trading pattern was taken into shape: traders from various foreign countries went to Canton to purchase Chinese goods in payment of silver coins. Thus, from the late eighteenth century onwards, foreign silver coins were brought to China mainly by merchants from Europe and the USA, though the oversea trade with Southeast Asian countries still existed. For example, in 1786, the British merchants imported into China 716 chests of silver coins, approximately equal to 2,864,000 coins.[51]

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[50] Chen Chunsheng, "Qingdai Guangdong de yinyuan liutong," in *Mingqing Guangdong shehui jingji yanjiu* (Guangzhou: Guangdong renmin chubanshe, 1987), p. 207.
[51] H. B. Morse, *The chronicles of the East India Company, trading to China, 1635-1834* (Taibei: Ch'eng-wen, 1966), vol. II, p. 119.

The problem of estimating the total quantity of silver imported into China in the period from the late eighteenth century onwards has been the subject of intense scrutiny and debate. Although the significant absence of serial quantitative records precludes the precise estimation of the quantity, we can still determine at least the magnitude of silver imports with existing data. The estimates for silver imports rest on the key assumption that British and American merchants played the paramount role in China's foreign trade within the period under investigation. It is likely that a small percentage silver was shipped by other European merchants as well as Chinese merchants themselves. According to the estimation of Zhuang Guotu, the total quantity of silver imports by European and the US merchants from 1700-1840 was on the order of 170 million *Haiguan Tael*, equal to 5,560 metric tons.[52]

The silver coins in use to pay for Chinese goods, normally tea and silk, were mainly produced in Spanish America. Actually, the huge quantity of Spanish coins was not, however, necessarily transported to Europe first; on the contrary, most of them were just reserved in the treasury of East Indian Company in India. European merchants commonly used promissory notes to get coins from the treasury so as to pay for Chinese good in Canton. Surely, in addition to silver coins minted in the Spanish colonies, some other coins of many descriptions issued by European and American countries also make their appearance in China at that time. [53] Although many kinds of foreign silver coins waned in the course of history and were hardly to remember, the variety of coins, which to some extent circulated in a given area and at a certain time, would be classified below:

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[52] Zhuang Guotu, "Chaye, baiyin yu yapian, 1750-1840 nian zhongxi maoyi jiegou," in *Zhongguo Jingjishi Yanjiu*, 1995.3: 47.

[53] Peng, *Zhongguo buobishi*, p.542. Also refer to Eduard Kann, *The Currencies of China: An Investigation of Silver & Gold Transactions Affecting China with A Section on Copper* (Shanghai: Kellt & Walsh, Ltd., 1927), pp.126-147.

The Spanish Dollar, which enjoyed another famous name "the Carolus dollar", had adopted the name for the reason that the dollar was minted in the Spanish colonies, including Mexico, Bolivia, Chile and Peru. In comparison to the coins minted in Mexico, those minted in South America had less favor with the public in China.[54] The Spanish dollar was one of the first foreign coins which entered China in quantities and circulated as a quite popular medium of exchange in a large area of China for more than a century. Although there are several editions of that dollar owing to their different issuing years, the Carolus dollar was as a whole called the Principal Dollar (*benyang* 本洋) by the Chinese. Most of the silver paid by the British East India Company and American merchants in exchange for Chinese goods was in the shape of Spanish dollars.[55]

(I) The edition of the Spanish milled dollar issued from 1732 to 1772 was called Double Pillars (*shuangzhu* 雙柱) by Guangdong people, since it is stamped with Pillar of Hercules same as the coins minted in 1545 (Fig. III.2). In 1732 the Spanish mint at Mexico City began producing coins by striking blanks in a press, with a collar. These "milled" eight Reales coins, gained acceptance throughout the Americas, since they were of regular size and weight, unlike the crudely struck "cobs" that had preceded them. Between the two pillars wrapped with ribbons on the reverse of the coin, there is the pattern of East and West hemispheres. The pillar and ribbon formed a pattern of $ which is the origin of such symbol as dollar. The Chinese also named that dollar Flower-border Silver (*huabianyin* 花邊銀) in reference to the raised beaded border around the rim of the coin. The name Flower-border Silver gradually became the general

[54] Kann, *The Currencies of China*, p.130.
[55] *Ibid.*, p.127.

designation of all foreign silver coins in the later period. Meanwhile, that coin was also called Luzon Silver (*songyin* 宋銀) or Luzon Barbarian Silver (*songfanyin* 宋番銀), because Chinese people wrongly thought the coin was minted in Luzon.[56] The Double Pillars Dollar was in weight and fineness to 417.6 grains at .9166.

Fig. III.2: The Double Pillars dollar , 1734, (Mexico Mint)

(II) In 1772, the design of the Spanish dollar started to stamp the Bust of Spanish King on the obverse of the coin, and to replace the twin hemispheres with the Bourbon coat-of-arms on the reverse (Fig. III.3). In the meantime, the coin's weight remained the same but the fineness of the silver was lowered to .90278. The Carolus III dollar was issued from 1772-1788. This coin was also called Three Gong (*sangong* 三工) by the Chinese, because the Roman numeral III to Chinese eyes appeared as three consecutive *gong* 工 graphs.

Fig. III.3: The Carolus III dollar, 1778, (Mexico Mint)

(III) The Carolus IV dollar, which had a Chinese nickname of Four Gong (*sigong* 四

[56] He, *Mingshancang*, 51.3b.

工) due to the Roman numeral four written as "IIII", was issued from 1788 to 1808 (Fig. III.4). This coin was also called Gong Half (*gongban* 工半) in China, because the Roman numeral four could be sometimes written as "IV".

Fig. III.4: The Carolus IV dollar, 1797, (Mexico Mint)

(IV) The Ferdinand VII dollar was issued from 1808 to 1821 when Mexico ceased to be a Spanish colony, becoming a republic (Fig. III.5). This coin was also known as Small Robe (*xiaoyi* 小衣) in order to be distinguished from its predecessor Carolus IV dollar, since on which the king's robe is much more prominent.

Fig. III.5: The Ferdinand VII dollar, 1819, (Mexico Mint)

The Spanish Bust Dollar consisting of last three editions of coins was known with a variety of names: Buddha Head Silver (*fotouyin* 佛頭銀), Buddha Face Silver (*fomianyin* 佛面銀), Buddha Silver (*foyin* 佛銀) and Buddha Barbarian Silver (*fofanyin* 佛番銀), based perhaps more on Carolus' identity as a foreigner than his resemblance to the

patriarch of the Buddhist religion.[57] And the Carolus dollars were always called Old Head (*laotou* 老頭) and the Ferdinand VII dollar was meanwhile called New Head (*xintou* 新頭) so that the latter coin could be distinguished from the former ones.[58] The Spanish dollar remained the dominant silver coin in some areas, like Fujian and Anhui, at least until the 1870s.

The Spanish dollar was brought into China in tremendous amounts and became very popular with the commercial societies in southern coastal China. During the time that the Spanish dollar circulated, it gradually won a position of independent coinage in China, in that it could be used in transactions without the need to melt them down to be recast as sycee. Until 1856 the Spanish Dollar had always been used as means of fixing the value in all transactions of China's foreign trade, whether for cash or barter.[59]

The Mexican Dollar was the rightful successor of the Spanish Dollar. It was well-known by its Chinese name the Eagle Dollar (*yingyang* 鷹洋), because on the obverse of the Mexican dollar is seen the national emblem---an eagle, with outstretched wings, holding a snake in its beak and standing on a cactus (Fig. III.6). The reverse of the Republican Mexican Dollar bears the Cap of Liberty and the word "Libertad" across it, surrounded by 32 rays of the sun. Insomuch as English merchants usually conducted their business transactions with the Mexican dollars, Guangdong and Fujian people mistakenly supposed the dollar was minted in England so they also called it the English Dollar

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[57] von Glahn, "Foreign silver coins and market culture in nineteenth century China" (All-UC World History MRU Conference, UC Irvine).
[58] William C. Hunter, *The 'Fan Kwae' at Canton before Treaty Days, 1825-1844* (1882, rpt, Shangai: The Oriental Affairs, 1938), p.59.
[59] "George T. Braine, Esq., called in; and Examined, in *Irish University Press Area Studies Series, British Parliamentary Paper, China* (Shannon : Irish University Press, 1971), vol. 37, p.359.

(*yingyang* 英洋).[60] In 1821 Mexico ceased to be a Spanish colony, becoming a republic. Shortly after that, the first edition of the Mexican (Republican) dollar was issued in 1824. Even when the Hapsburg Emperor Maximilian (1864-67) was placed on the Mexican throne, the coins continued to be issued, in 1865 and 1866, with the inscription "Republic Mexicana".[61] The Mexican dollar enjoyed its weight and fineness to 416.5 grains at .9028.

The Mexican dollar was a veritable successor of the Spanish dollar, not only because they shared the same mints in a chronicle line, but also because in China the former eventually substitute the official status of the latter which was acknowledged by the Qing government. In the late 1850s, the British government was eager to see an end to the monetary chaos since it had been a major obstacle to the expansion of British commercial interests in China. The Ministry of Foreign Affairs issued "Communique No.501" to the Chinese Imperial government, urging that the monetary unit of the Chinese custom tax levied on British subjects, according to the Tianjin Treaty agreed between the two countries in 1858, should be changed from the Spanish dollar to the Mexican dollar. This finally caused the era of Eagle Dollars to begin, and to make it impossible for any other foreign coin to compete with them in the Chinese currency markets.

Fig. III.6: The Mexican Dollar, 1876, (Mexico Mint)

[60] Zou Tao, *Sanjielu bitan*, 5.14a.
[61] In 1864, Napoleon III chose Archduke Maximilian of Austria to become "Emperor of Mexico".

The Spanish dollar and the Mexican dollar were both known as "Peso" or "piece of eight Reales" in their home country, rather than being called "dollar". Although those two categories of foreign silver coins were circulating in China with the most popularity within the period under the investigation of this study, there were other coins issued by foreign countries which did also flow into China at that time. Actually, those coins issued by the USA, France, Japan and Britain, were struck with the identical purpose of displacing the dominant Mexican dollar in the commerce in East Asia, especially in China. The main descriptions of other silver coins would be listed below. In fact, in order to attain some convenience of realizing the influence of foreign silver coins in China's monetary history, the domestic silver coin --- the Dragon Dollar --- is also included in the list.

The American Trade Dollar, was granted permission to be minted at the government Mint for special requirement of the Far East from 1873 to 1885 (Fig. III.7). On the obverse of the coin bears a seated female figure representing Liberty; and on the reverse is seen a naturalistic eagle. At that time, The Chinese had shown a decided preference for silver coins, and up to then the bulk of American trade with China had been carried out with Spanish and Mexican dollars. The trade dollar's architects set out to supplant those rivals by giving the new coin a higher silver content. They even had it inscribed on the coin: "420 GRAINS, 900 FINE." Though it had a slightly higher fineness, the Mexican coin weighed less and therefore contained slightly less pure silver. But the Chinese still favored the Mexican coin which seemed to be more familiar and hence more reliable. However, over 27 million went overseas and found their way into Asian commerce, many later being sent on to India in trade for opium. Numerous pieces show chop marks--

- distinctive Chinese symbols-placed on them by merchants to attest to their authenticity. But usage of the coins never approached Americans' expectations. Spurned abroad and despised by many at home, the trade dollar soon faded into oblivion. After 1878, production was suspended except for proofs-and even those dwindled to just ten in 1884 and five in 1885.

Fig. III.7: The American Trade Dollar, 1875

The French Trade Dollar, *Piastre de Commerce*, was started to be minted in Saigon in 1885 (Fig. III.8). It was a prototype of the American Trade Dollar in regard to its weight, fineness, uniformity. More than 13,000,000 piastres were struck from 1884 to 1894, but most of them were either hoarded or melted down. The coin weighed 420 grains at the fineness of .900. A new edition of the French Trade Dollar was minted in 1895. Between 1895 and the end of 1903 over 55 million new coins had been struck and were circulating. The Chinese province of Yunnan, which is bordering on Indo-China, adopted the coin as part of its medium of exchange.[62]

Fig. III.8: The French Trade Dollar, 1895

[62] Kann, *The Currencies in China*, p. 134.

The Japanese Silver Yen, was minted at the government Mint at Osaka, by the entire mint machinery from the Hong Kong government (Fig. III.9). The inferior weight of this coin made it unable to attain its original purpose of expelling the Mexican Dollar from Japan. From 1875 to 1877, the Japanese government had minted another edition of trade silver yen named the Trade Silver (*boyeki gin* 貿易銀) which weighed heavier (Fig. III.10). The coinage of the trade yen was finally discontinued and the Mint reverted to the production of the lighter coin because most of the trade coins had been exchanged by the undesired coins from the outside. Between 1871 and 1897, over 110 million silver yen of the total production of 165 million had been shipped abroad. It actually won some popularity in the principal ports of China in the turn between the nineteenth and twentieth centuries.[63] However, within the period under the concern of this study, the influence of the Japanese yen in China was not so prominent to be cast special attentions on.

Fig. III.9: The Japanese Silver Yen, 1878

Fig. III.10: The Japanese Trade Silver, 1876

[63] Kann, *The Currencies in China*, pp. 136-39.

The Chinese Dragon Dollar (*longyin* 龍銀 or *longyang* 龍洋), was began to be minted by Guangdong Silver Coin Burea (*Guangdong yinyuanju* 廣東銀元局) in Canton in 1889 (Fig. III.11). Actually, in 1887 Zhang Zhidong (1837-1909), Governor General of Guangdong and Guangxi, petitioned the Emperor to sanction the coinage of Chinese silver coins, bearing the emblem of the dragon. He pointed out that foreign silver coins had prevailed in all treaty ports as well as many provinces of China, including Guangdong, Guangxi, Fujian, Taiwan, Zhejiang, Anhui, Hubei, Hunan and even Tibet.[64] In 1894, according to the petition from Imperial Censor (*yushi* 禦史) Wang Pengyun (1849-1904), the Emperor officially sanctioned the coastal provinces, as well as the provinces along the Yangtze River, to set up their own coin bureaus to mint the Dragon Dollar. Although almost all provinces began to mint the Dragon Dollar in succession, the Silver Coin Bureaus of various provinces could hardly keep the standard level of the weight and fineness of their dollars. Besides that, the coins minted by different Bureaus even competed with each other. Thus, normally, the circulation of the Dragon Dollar issued by a given Bureau could be merely confined to its provincial territory. However, the Dragon Dollar minted in Canton and Wuchang, as the exceptions, did expand its circulating orbit to many other provinces of China.[65]

[64] Zhang Zhidong, "Liangguang zongdu Zhang Zhidong wei yuesheng nizhu yinyuan yibei hubu tuiguang shi zoupian," in "Wanqing gesheng zhuzao yinyuan shiliao xuanji," *Lishi dang'an*, 1997.1: 28.
[65] The coins minted in Wuchang were very popular in the areas along the Yangtze River, and those minted in Canton were circulating in the neighboring provinces of Guangdong.

Fig. III.11: The Chinese Dragon Dollar, 1890

In the contemporary documents foreign silver coins were sometimes recorded by some other terms without discrimination on their editions or producing countries: Foreign Silver (*yangyin* 洋銀), Barbarian Silver (*fanyin* 番銀), Circle Silver (*yuanyin* 圓銀), or Foreign Barbarian (*yangfan* 洋番). In the Qing dynasty, hundreds of million foreign silver coins of over ten categories flowed into China through a variety of channels. It is reasonable to speculate such a huge quantity of foreign silver in shape of coins, which is distinct from China's domestic silver currency---silver ingots, would exerts its influence on the Chinese monetary system. The clarification of the exact circulation patterns of foreign silver coins in different areas of China will without question help us to reveal and evaluate their influence. This study will hence turn to that point in the section below.

CHAPTER THREE:

THE CIRCULATION OF FOREIGN SILVER COINS

The Spread of Foreign Silver Coins in China

It is estimated that a tremendous amount of over ten thousand metric tons of foreign silver, most of which in coined form, was imported into China in the period from 1626 to 1840.[66] Although a large portion of those silver coins imported was melted by the government or private silver furnaces (*yinlu* 銀爐) and recast into silver ingots, which had been the sole silver legal tender in the entire territory of China at least until 1933, the coins which had not been reminted indeed flowed in quantities into the Chinese markets and circulated as a medium of exchange and payment.[67]

The influx of foreign silver coins into China directly resulted from the flourish of China's maritime trade since the late sixteenth century. The provinces, viz. Guangdong and Fujian, which had the most convenient channels of intercourses with foreign countries and enjoyed the most prosperous oversea trade, without question imported foreign silver coins earlier than any other province of China did. Furthermore, with the boom of the interregional trade between those two provinces and other areas, mainly due to the development of the trade of green tea and silk which were the staples of China's foreign trade, it soon facilitated the expansion of the circulation of those alien coins to the

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[66] von Glahan, *Fountain of Fortune*, p. 232; and Zhuang Guotu, "Chaye, baiyin yu yapian, 1750-1840 nian zhongxi maoyi jiegou," p.47.

[67] In 1933, the Chinese government formally abolished Tael (*liang* 兩) as an legal unit of accounting silver currencies, and substituted it with Dollar (*yuan* 元). The incident was well-known as *feiliang gaiyuan* (廢兩改元) in the Chinese modern history.

producing areas of those goods, mainly including Guangxi, Hunan, Jiangxi, Jiangnan and Zhejiang.[68]

The wide circulation of foreign silver coins in the southern coastal provinces could be proven from another perspective. *Yinjing Fami* (銀經發秘) and *Yangyin Bianzheng* (洋銀弁正) are two pamphlets in concern with distinguishing different types of counterfeited or faked coins. At this point, it is necessary to give some explanations on the distinction between counterfeit and faking. A counterfeited coin should be defined as a coin made in imitation of the genuine coin without the necessary purpose of deceiving, since those coins, like the Guangdong Dollar (*guangban* 廣板), and the Zhejiang Dollar (*zheban* 浙板), were manufactured rather than being struck by machinery and hence could be at most times easily distinguished.[69] On the contrary, a faked coin refers to a coin made either by alternating a part of the genuine silver coin with other metals or alloy, usually copper or lead, or by purely slicing off a slight piece from the genuine coin; in that the faked coins were difficult to recognize.

Yinjing Fami was published in Guangdong province in 1826, and *Yangyin Bianzheng* was published in Zhejiang in 1854. It is shown that, according to those pamphlets, in the first half of the nineteenth century, the counterfeit and faking were quite rampant in the areas where foreign silver coins could be applied in daily use. The wicked silversmiths invented various methods to counterfeit or fake the genuine coins in order to procure illegal profits, since it is practically impossible for the local people to go to the money shop to authenticate the silver coins during every transaction. Actually, in many places of the provinces like Guangdong and Zhejiang, silver coins were on many occasions

[68] Lin Zexu, "Jiangsusheng xingyong yinyuan buzhi yunwang waiyang," in *ZJHZ*, p.44.
[69] Zhu Lian, *Mingzhai xiaoshi*, (1813, rpt, Shanghai, 192-?), 12.1a.

counted by their numbers within the payment; that is to say, goods could be priced by silver coins, though there was probably a fixed or fluctuating exchange ratio between coin and silver tael in the local monetary markets.

Counterfeiting and faking foreign silver coins were not geographically limited to Guangdong and Zhejiang provinces; contrarily, the phenomena could be observed in many other provinces, including Jiangsu, Fujian and Jiangxi, at least as early as the 1830s. The counterfeited coins which can be named nowadays include: the Suzhou Dollar (*suban* 蘇板), the Wuxian Dollar (*wuban* 吳板), and the Wuxi Dollar (*xiban* 錫板) in Jiangsu province; the Local Dollar (*tuban* 土板) and the Circulation Dollar (*xingban* 行板) in Jiangxi province; as well as the Fujian Dollar (*fuban* 福板) in Fujian province.[70]

It should be, nevertheless, kept in mind that prior to the Opium War foreign silver coins had also penetrated into some provinces other than those mentioned above. [71] For example, in 1799, Jiaqing Emperor (1796-1820) ordered to confiscated the properties of He Shen (1750?-1799), the highest and most powerful official in the overall operation in the Qianlong reign (1735-1795). One important item of his properties was approximate 58,000 foreign silver coins.[72] Such a large number of silver coins may exceed the mere appetite for curiosities. It is, however, still in question whether those coins could be used as money freely in the interior China prior to the 1860s. At least there is not sufficient

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[70] Huang Juezi, "Minjian sizhu yinyuan yifei yiri wenyin yinyuan ying binjin chuyang," in *ZJHZ*, p.42; and Zheng Guangzu, *Xingshi yibanlu* (1845, rpt, Shanghai guji chubanshe, 1995), *zashu*, 6.45a.

[71] The memorial written by Vice Minister of the Ministry of the Board of Revenue (*hubu shilang* 戶部侍郎) Su Leng E(蘇楞額) in 1814 and a letter written by a Western merchant in the first half of the nineteenth century coincidently mentioned the extensive circulation of foreign silver coins. See "Hubu Zuoshilang Su Leng E zouqing yanjin yangshang siyun neidi wenyin ji fanjin yangqian zhe 戶部左侍郎蘇楞額奏請嚴禁洋商私運內地紋銀及販進洋錢折", in *Yapian zhanzheng dang'an shiliao* (Tianjin guji chubanshe, 1992), p. 8; and "(Paper from) Dr. Bowring to Mr. Bonham," in *Irish University Press Area Studies Series, British Parliamentary Paper, China* (Shannon : Irish University Press, c1971), vol. 40, p.729.

[72] Xue Fucheng, *Yong'an biji*, (Shanghai wenyi chubanshe, 1991), p. 52.

evidence to render a positive answer to that point until now. Actually, it could be safely claimed that at least in the first half of the nineteenth century foreign silver coins were by no means a main medium of exchange within the transactions in the markets of the areas far away from the southern coast of China, even if they might be occasionally used in a few commercialized cities. Zheng Guangzu, a native of Changshu in the Daoguang reign (1821-50), wrote, "If [we] trace the Yangtze River westward, [we will find] silver coins cease being used in the area to the west of Wuhu, same as the area to the north of the Yangtze River."[73] In addition, according to the witness of foreign merchants, by 1843 foreign silver coins were scarcely known farther in the interior, except in the Green Tea Districts, and coins' unit of account --- dollar --- could not be used to fix prices of goods throughout the vast area of Northern China.[74] In 1839, a contemporary diarist described the circulation situation of foreign silver coins in China that:

> Silver tael, no matter in the form of ingots or of fragments, can be used without limit everywhere. [People] only use silver ingots in the areas to the north of the Big River (the Yangtze River). Well-conditioned foreign silver coin --- with four Chinese character *gong* (工) on it and without any chop --- is circulating in the area as far as Suzhou. The chopped coin can be used eastwardly as far as Ganzhou (贛州) or Yushan (玉山) in Jiangxi province, and westerly as far as Chenzhou (郴州) or Xiangtan (湘潭) in Hunan province. The fragmented foreign coin can only

[73] Zheng, *Yibanlu zashu*, 6.45a
[74] *North China Herald* (Shanghai: H. Shearman), 19 April, p.150.

be used as far as Foshan (佛山) or Sanshan (三山) in Guangdong province, though it has been rarely used in the area near Shaoguan (韶關) recently.[75]

The spread of foreign silver coins to the hinterland of China took place no earlier than the Second Opium War when the Qing government barely maintained its weak control over the country. Following the war and the signing of the Beijing Treaty (1860), China was forced to open many new treaty ports along the Yangtze River, as well as some northern coastal ports. The opening of those ports accelerated the penetration of foreign forces into the hinterland of China; and, in the meantime, speeded up the expansion of foreign silver coins' circulation. In the 1860s, in addition to the treaty ports which are not located in four southern coastal provinces, including Niuzhuang, Dengzhou, Hankou, Jiujiang, the Mexican dollar had been at least used in some places of Zhili. In the northern ports the value of dollars was estimated according to their purity in comparison with sycee. In Tianjin and Niuzhuang, the usual exchange was 70 taels' weight of sycee for 100 dollars, which was nearly the par value.[76]

The overestimation on the circulation of foreign silver coins in the inland China should be avoided. In fact, even in the 1880s, the use of foreign silver coins had been hardly beyond the extent of treaty ports. For example, of about 100 pieces of land deeds in Lüshun, a coastal place of the Liaodong Peninsula, none was transacted by dollar; instead all payments were by the local silver ingots.[77] In Ningyuan (today's Xingcheng in

[75] Lin Botong, *Gongche Jianwenlu, yongwu*, 2b-3a, in *Xiubentang congshu* (1844).
[76] S. Wells Williams, *The Chinese Commercial Guide* (1863, rpt, Hongkong : A. Shortrede & co., 1966), p.268.
[77] *Lüshunkou Gedi Diqice* (1886-89), collected in the Institute for Oriental Cultures of Tokyo University.

Liaoning province) the Mexican dollar began to appear in the market in 1884.[78] In most places of Zhili, the circulation of silver dollars started after the construction of Beijing-Han Railway round 1900.[79] In an extreme case, silver money was even unavailable in many areas of China. In those areas, the wholesale transactions were paid by cash-notes issued by private money shops, as well as silver-notes which were issued by the local government silver houses (*guanyinhao* 官銀號), while the retail trade was transacted by copper cash.

The turning point of silver coins' circulation in China was 1894 when the Qing government sanctioned the coastal provinces to mint the Dragon dollar, and allowed people use the dollar as a means of payment for state taxes. With the intention of promoting the use of the Dragon dollar, some local governments even forced people to utilize it.[80] However, prior to the 1890s, foreign silver coins had not seized any considerable status in the provincial monetary markets except Guangdong, Fujian, Zhejiang and Jiangsu. Hence, this study would focus its attentions on the circulation situations in the southern coastal provinces within the period from 1790 to 1890.

The following three sections include three case studies particularly concerning with the distinguished circulation patterns in those four provinces. The cases are arranged according to the time order of the imports of silver coins into those four provinces. In those case studies, we will specifically talk about the penetration of silver coins, the status of those coins in the local monetary market, the limit of coins' circulation area, the emergence of the dollar system, and the relationship between the dollar system and the

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[78] Enlin, and Wang Enshi, *Xingcheng xianzhi* (1927), *juan* 7, in *Zhongguo difangzhi jingji ziliao huibian*, p.1057.
[79] Dai and Huang eds., *Zhongguo difangzhi jingji ziliao huibian*, p.1051.
[80] Xi Lin, "Shanxi lepai xingshi yinyuan," in *ZJHZ*, p. 853.

silver tael system. In addition to those issues, the dollar chops and local people's discrimination on different descriptions of silver coins are to be discussed as well. However, for a more systematic presentation, those two problems are respectively put in two case studies as to Guangdong and Jiangzhe, although they might be the common phenomena in all four provinces. In fact, unlike the situation in Jiangzhe, chopped dollars with different levels of damages could find their own markets in Guangdong. Furthermore, the circulation of those chopped dollars was closely connected with the composition of the local monetary structure. Similarly, the discrimination shown by Jiangzhe people was obviously more remarkable than that expressed by Guangdong and Fujian people.

In short, those case studies will certainly help us to clarify the silver coins' circulation patterns in those provinces; and more importantly, to realize the generalities and the specialties of the monetary systems in different areas of China.

CASE STUDY I: FUJIAN

Fujian may be the first province of China which imported foreign silver coins, even earlier than its neighbor Guangdong. In fact, the economic characteristics of Fujian are quite distinct from those of other three coastal provinces, say, Guangdong, Zhejiang and Jiangsu, where foreign silver coins also won their popularity. In the early Ming dynasty, Fujian used to be one of the important silver producing areas of China. [81] But in the Qing, Fujian's silver supply became to entirely depend on the imports from the outside, due to the exhaustion of local silver mines. [82] In addition, geographically speaking, the hinterland of Fujian is located in a hilly region, and its inshore area has quite alkaline soil; neither of which is suitable for agriculture.[83] Therefore, Fujian people, especially people in Zhangzhou, Quanzhou and neighboring areas, had to live on the foreign trade, normally the trade with the Philippines. [84] The maritime trade conducted by those merchants started to bring back a great quantity of the Spanish cobs in the mid 16th century.

Although the oversea trade suffered the interdiction decreed by the government in the early Qing period, it soon recovered after the abolishment of the ban. Within the revival of foreign silver imports into Fujian, local people showed their preference on several given descriptions of foreign silver coins during transactions. The Spanish Dollar is the most important foreign silver coin which circulated most widely for the longest period in the province. This dollar remained the dominant silver coin in Fujian until the 1870s.

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[81] Song, *Tiangongkaiwu*, p.343.
[82] Lan, "Lun Nanyang shiyi shu," p.119.
[83] Chen Shouqi ed., *Fujian tongzhi*, (1871, rpt, Taibei: Huawen shuju, 1968), 87.10b-11a.
[84] *Mingshenzong shilu*, (Nangang, 1962-68), 316.4a.

Mexican dollar is another foreign silver coin which won popularity in Fujian. But the earliest evidence for the use of Mexican dollar in the local market dates to the early Guangxu reign. Those two types of coins were standardized in form, weight, and fineness due to the introduction of machinery into the minting of coins; hence they proved to be far more convenient as media of exchange than the traditional silver ingots or pieces. The nineteenth century witnessed the gradual implementation of foreign silver coins as a unit of account in some places of Fujian.

As stated above, the sea ban issued in the Kangxi reign interrupted foreign trade in Fujian, and cut off the supply of foreign silver coins from the outside world. Therefore, during the one-century period from the early Kangxi reign to the mid Qianlong reign (1660s-1750s), the monetary market of the entire province was dominated by silver tael and copper cash.

Of 400 Fujian's commercial contracts prior to 1755, about 90 percent of them are transacted with silver tael.[85] It without doubt indicates silver tael, or more precisely, "silver currencies under the silver tael system" was a primary means of payment in Fujian's markets in the early Qing period.[86]

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[85] In the imperial China, the official document usually put little attention on recording economic affairs due to the traditional Physiocracy. Even in the scattered official economic records left, there is always filled with falsification. Thus, it is quite difficult to make an in-depth analysis on the economic problems, especially monetary one, purely based upon the official resources. On the contrary, the civil documents, e.g. different kinds of commercial contracts, provide reliable and valuable materials. Fujian is the province with the most abundant collection of commercial contracts which will certainly be useful in understanding the social and economic situations in the imperial period, especially in Ming and Qing dynasties.

[86] It should be realized that the status of copper cash in the local monetary markets could not be underestimated purely based upon the percentage shown here. The Qing's monetary system is quite different from the bimetallism in Europe as well as in the United States. In the West, gold and silver both could serve the wholesale business. In the contrast, in China copper could not serve the wholesale market, and since copper and silver served different functions there was no likelihood of replacing one metal with the other. Since the contracts left mainly refer to the real estate transactions, the percentage based upon the analysis on those contracts would lead to the underestimation of the real function and status of copper cash in the markets. See King, *Money and Monetary Policy in China*, p.47.

It is necessary to expatiate on why the term "silver currencies under the silver tael system" is introduced. The first reason is that, there are various kinds of native silver currencies in China;[87] Secondly, within the century from 1660s to 1750s, foreign silver coins had in fact begun to circulate in Fujian, but they were circulating completely in the framework of the traditional silver tael system. In other words, the silver coins circulating at that time could be merely treated as dollar-bullion.[88] On the early stage when foreign silver coins began to serve as silver money in China, their original unit of account---dollar---was inapplicable in Chinese markets even though this new kind of silver money had a uniformity of weight and fineness. On the contrary, foreign silver coins were foisted into the traditional silver tael system which native people were familiar with. In a land deed dated in 1724 in Dehua county, it is recorded that "[the land was sold] at the price of 3 tael silver weighted according to Yong Standard (*yongping*), with the payment by foreign silver coins".[89] It clearly indicates that foreign silver coins were at that time purely transacted under the local weighting system as specially-shaped silver bullion. Actually, there are many contracts in reference to transactions of foreign silver coins as dollar-bullion in other places besides Dehua, e.g. Fuzhou, Quanzhou, Nan'an and Jinjiang. It is also necessary to point out that Yong Standard is not the only local weighting system in Fujian; contrarily, each county or prefecture usually has its own local weighting systems which are distinct from others.

Though it is noticed that foreign silver coins were indeed circulating as dollar-bullion under their local weight systems, it is nothing but a fallacy to proclaim that the circulation

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[87] Wei Tingsheng, "Qingji Zhongguo liuxing zhi huobi ji qi yange," *Qinghua Xuebao*, 1.2(1924): 154.
[88] King, *Money and Monetary Policy in China*, p. 87.
[89] Yang ed., "Minnan qiyue wenshu zonglu," p. 91. Due to the insufficiency of historical materials, it is unable to be found out the exact relationship between *yongping* and other main weighting systems in China.

of foreign silver coins did not have any impact on the existing native silver tael system. If the silver monetary structure in Fujian within the early Qing dynasty were to be put under closer analysis, a billowy undercurrent beneath the peaceful surface will be detected.

As pointed out in the introduction above, the silver tael system is combined with two basic elements, namely, the silver fineness and the weighting system. It is necessary to clearly indicate the two elements within the commercial transactions with the payment by silver tael. Among 686 contracts referred to silver tael, 57.6% of them were labeled with both two elements; and 20.0% with the fineness or the weighting system (Table IV.1.1).

Table IV.1.1: The Statistics of Contracts Referred to Sycee Silver Transaction, 1645-1905*

Place	Number and Percentage of Contracts Labeled with both the fineness and the weighting system		Number and Percentage of Contracts Labeled with the fineness or the weighting system		Number and Percentage of Contracts Labeled with nothing		Total Number
Quanzhou	0	0	4**	100%	0	0	4
Nan'an	7	33.3%	6	28.6%	8	38.1%	21
Jinjiang	0	0	1	20.0%	4	80.0%	5
Longxi & Haicheng	4	6.1%	35	53.0%	27	40.9%	66
Yunxiao	1	16.7%	1	16.7%	4	66.6%	6
Yongchun	1	9.1%	3	27.3%	7	63.6%	11
Dehua	0	0	8	33.3%	16	66.7%	24
Fuzhou	5	83.3%	1	16.7%	0	0	6
Houguan	199	82.9%	11	4.6%	30	12.5%	240
Minqing	59	71.1%	13	15.7%	11	13.2%	83
Ningde	68	70.1%	10	10.3%	19	19.6%	97
Fu'an	2	100%	0	0	0	0	2
Nanping	8	30.8%	12	46.2%	6	23.0%	26
Youxi	0	0	0	0	3	100%	3
Chong'an	0	0	3	100%	0	0	3
Ouning	0	0	16	69.6%	7	30.4%	23
Xianyou	40	80.0%	0	0	10	20.0%	50
Guangze	1	6.3%	13	81.2%	2	12.5%	16
Total	395	57.6%	137	20.0%	154	22.4%	686

* Sources: Tang Wenji ed., *Ming Qing Fujian jingji qiyue wenshu wuanji*, (Beijing: renmin chubanshe, 1997); Yang ed., "Minnan qiyue wenshu zonglu"; Yang Guozhen ed., "Qingdai Minbei tudi wenshu xuanbian," *Zhongguo Shehui jingjishi yanjiu*, 1982.1: 111-21, 1982.2: 102-14 & 1982.3: 99-106.

** It is reasonable to believe foreign silver coins are the actual means of payment for all four contracts in Quanzhou.

There are, however, some interesting phenomena in need of more attentions. In fact, in some places of Fujian, for example, Yongchun and Dehua, at least over 60 percent of contracts there are labeled with neither the silver fineness nor the weighting system.[90] It brings about an important question---what factors contribute to the distinct features of contracts in different areas in Fujian.

First of all, the places where the local contracts were labeled with both the silver fineness and the weighting system should be put under light. As a matter of fact, the silver tael system works rather complicatedly in Fujian, especially in the early Qing dynasty. In the case of Houguan, a county next to Fuzhou, it is shown among 199 local contracts that there are five silver finenesses quoted: 93% Fineness (*jiusanse*), 95% Fineness (*jiuwuse*), 97% Fineness (*jiuqise*), 98% Fineness (*jiubase*) and Sycee Fineness (*wense*); meanwhile, there are six weighting systems: 90% Standard, (*jiuchengdeng*), 93% Standard (*jiusandeng*), 95% Standard (*jiuwudeng*), 97% Standard (*jiuqideng*), Canton Standard (*guangdeng*) and Treasury Standard (*kuping* or *pingdeng*).[91] As for Ningde county located in the Northeast part of Fujian province, it is quoted five silver finenesses among 68 local contracts: 95% Fineness (*jiuwuse*), 96% Fineness (*jiuliuse*), 97% Fineness (*jiuqise*), 99% Fineness *jiujiuse* (*jiujiuse*) and Sycee Fineness, as well as

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[90] In Longxi and Haicheng, 41% of the contracts there are labeled with none of the two elements.

[91] *Jiusanse*, which is literally interpreted as the fineness of 93%, does not indicate the silver fineness is exact 93% of pure silver, instead it means the silver fineness is 93% of the official sycee fineness which is designated by the government. The rest may be deduced by analogy. The sycee fineness is .935.374. Peng Xinwei argued "the sycee fineness is an empire-wide imaginary standard fineness". I hesitate to agree upon it. Actually, *wenyin* (sycee silver) means the silver with the sycee fineness. In the Qing, a kind of silver money named Official Mirror Silver (*guanjingyin*) or White Mirror Silver (*baijingyin*), which was issued by Fujian government, is de facto a real *wenyin*. The fineness of *wenyin* could be certainly drawn out to serve as a silver fineness standard as well. See QWT, p. *kao*5002b.

As for *jiuchengdeng* and *jiusandeng*, they mean 90% and 93% of *pingdeng*, viz., *kuping*. A tael under Treasury Standard (*kuping*) equals to 37.31 gram, and a tael under Canton Standard (*guangping*), which is supposed to have another name *guangdeng*, equals to 37.58 gram. As a local weighting system, Canton Standard has been usually used in Guangdong, Fujian and Taiwan. See Peng, *Zhongguo Huobishi*, p.538, 551.

two weighting systems---Treasury Standarnd and Canton Standard. Even among 8 contracts from Nanping county, which is located in Fujian's hinterland, it is shown four silver finenesses and two weighting systems. Therefore, based upon the description above, it could be fully understood the extreme complexity of the silver tael system, and the necessity of labeling the silver fineness and the weighting system during the transactions due to the disunity of silver currencies.

It can be, nevertheless, noticed a latent trend of simplification if the data is put under a closer investigation (Table IV.1.2 & 3). Firstly, concerned with the issue of the silver fineness problem, still taking Houguan county as a case, there are only two kinds of silver finenesses, viz., 95 Fineness and Sycee Fineness, shown in contracts during the Qianlong reign. From the mid Jiaqing reign onwards, just Sycee Fineness has been left. The similar trend could be also detected in the contracts from other places of Fujian.[92] Secondly, as far as weighting systems are involved, Treasury Standard actually was the empire-wide official tax standard in the Qing dynasty; in the meantime, there are some other local weighting systems serving in different regions. In the case of Houguan county, 95% Fineness had been the most important weighting system parallel to Treasury Standard up to the late Qianlong reign, since then its position has been substituted by Canton Standard.[93] At some extreme, the official weighting system and the local one would take the place of each other, and become the unique weighting system there.[94] But it should be kept in mind that the unification of silver finenesses and weighting systems has never

[92] For example, in Ningde and Minqing, there has been only the fineness of *wense* shown in contracts since 1755.
[93] Both Minqing and Nanping belong to the same type.
[94] Xianyou is a typical example.

taken place in most of the places where native silver currencies serve as the main silver money.

Table IV.1.2: The Statistics of Contracts Labeled with Different Silver Finenesses 1645-1905*

Place	Silver Fineness							
	jiuchengse	*jiusanse*	*jiuwuse*	*jiuliuse*	*jiuqise*	*jiubase*	*jiujiuse*	*wense*
Houguan	0	5	89	0	17	1	0	89
Minqing	0	0	3	1	4	1	0	63
Ningde	0	0	3	2	5	0	1	59
Xianyou	0	0	40	0	0	0	0	0
Nanping	1	1	3	0	0	0	0	10

* Sources: identical with Tale 1. The contracts under analysis include not only the ones labeled with both the silver fineness and the weighting system, but the ones only labeled with the silver fineness.

Table IV.1.3: The Statistics of Contracts Labeled with Different Weighting Systems 1645-1905*

Place	Weighting System					
	jiuchengdeng	*jiusandeng*	*jiuwudeng*	*jiuqideng*	*guangdeng*	*pingdeng*
Houguan	1	2	95	1	65	44
Minqing	1	1	12	0	21	24
Ningde	0	0	0	0	5	71
Xianyou	0	0	0	0	40	0
Nanping	0	0	0	0	5	8

* Sources: Identical with Table 1. The contracts under analysis include not only the ones labeled with both the silver fineness and the weighting system, but the ones only labeled with the weighting system.

When the simplifying trend of the silver tael system evolves to an extreme extent in some regions---local people finally hold a common sense on a certain kind of silver finenesses or weighting systems, it is unnecessary to label them in the contracts during the transactions. It is believable that Yongchun, Dehua, Longxi and Haicheng belong to this type of places. What factors resulted in the final unification of the silver fineness and the weighting system at those places? Is there any special link behind this coincidence? The answer might be positive. Coincidently, it is found that foreign silver coins were circulating quite popularly in the same places. It is listed several contracts dated from 1653 to 1764 in Dehua county below:

(In the tenth year of the Shunzhi reign, 1653) "[the land] is sold at the price of 20 *liang* silver weighted by Yong Standard (*yongping* 永平), with the payment by Barbarian Silver."[95]

(In the eighteenth year of the Shunzhi reign, 1661) "[the land] is sold at the price of 2 *liang* 5 *qian* silver weighted by Yong Standard."[96]

(In the thirty-first year of the Kangxi reign, 1692) "[I] asked the middleman to sell [the land] to granduncle at the price of 3 *liang* silver weighted by Yong Standard, with the payment by Barbarian Silver.."[97]

(In the ninth year of the Qianlong reign, 1744) "[the land] is pawned at 31 *liang* silver, weighted by Yong Standard."[98]

(In the thirteenth year of the Qianlong reign, 1748) "[the land] is sold at the price of 18 *liang* 8 *qian* silver weighted by Yong Standard, with the payment by Circle Silver."[99]

(In the sixteenth year of the Qianlong reign, 1751) "[the land] is sold at the price of 13 *liang* silver weighted by Yong Standard."[100]

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[95] Yang ed., "Minnan qiyue wenshu zonglu," p.89.
[96] *Ibid.*, p.90.
[97] *Ibid.*, p.91.
[98] *Ibid.*, p.86.
[99] *Ibid.*, p.92.

(In the twenty-ninth year of the Qianlong reign, 1764) "the feast fee is paid by Circle Silver for 3 *liang* silver weighted by Yong Standard."[101]

It is noticed that all the contracts listed above are not labeled with the silver fineness, irrespective of the real means of payment by silver tael or foreign silver coins. It is well-known that, the fineness of Spanish dollar and Mexican dollar is about 90% of pure silver; correspondingly, China's official sycee silver enjoys its fineness of .935.374.[102] It is unreasonable for local people to neglect the difference of silver purity during transactions unless there is a settled fineness standard in the place concerned. This standard could be a real or an imaginary one. When transactions take place, real silver currencies with different purities are supposed to be converted to the standard silver. With the tremendous influx of foreign silver coins, the people in the regions where those coins circulated widely would certainly realize the convenience brought about by using the silver currency with a uniform standard of fineness and weight earlier than people in

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[100] *Ibid.*, p.93.
[101] *Ibid.*, p.96.
[102] Spanish dollar and Mexican dollar were minted with different fineness during different periods. From 1728 to 1772, Spanish dollar was minted with the fineness of .906. From 1772 onwards, Spanish dollar and Mexican dollar were minted with the fineness of 0.9027. See Chalmers, *A History of Currency in the British Colonies*, pp. 393, 409.
The silver with sycee fineness (*wense*) was treated by Chinese people as 100% pure silver during actual transactions. But foreign silver coins were just treated as silver with 90% purity. It is written in a official proclamation that, "each clean foreign silver coin weights 7 *qian* 3 *fen* under *guangdeng* system, According to the statute, it should be converted (to sycee silver) at the exchange rate of 0.91, equaling to 6 *qian* 6 *fen* 4 *li* 3 *hao* under *kuping* system. If taking out the wastage during the minting process, each coin should be converted to 6 *qian* 6 *fen* sycee silver under *kuping* system." It is commonly known that each Spanish dollar just weights 7 *qian* 2 *fen* under *kuping* system. But it is recorded here that a coin weights 7 *qian* 3 *fen* under *guangdeng* system which has a slightly larger unit of weight than *kuping* system. Actually, here lies no contradiction, since from 1728 to 1772, each Spanish dollar had been minted with the weight of 26.983 gram, and after then each one was minted 26.679 gram. See *Taiwan nanbu beiwen jicheng* (Taibei: Taiwan yinhang, 1966), p.379; Chalmers, *A History of Currency in the British Colonies*, pp.393, and 409; Friedrich Noback, *Münz-, Maass- und Gewichtsbuch* (Leipzig: Brockhaus 1877), p.565.

the areas into which foreign silver coins had not penetrated. Furthermore, when foreign silver coins were occupying larger and larger portions of the market, it was in effect unifying the silver finenesses in those regions. As a matter of fact, those regions seemed ready to welcome the birth of a fully-developed silver currency which could serve the function of Money-unit by itself.

The second tide for the influx of foreign silver coins into China did come in the mid Qianlong reign to the Daoguang reign. Fujian, as well as Guangdong, was the province in which foreign silver coins commenced their circulation at the earliest time. Lin Zexu (1785-1850) wrote in his memorial that, "The situations are quite different concerning the circulation of foreign silver coins. Those coins started to circulate in Guangdong and Fujian, then gradually penetrated into Jiangsu and Zhejiang."[103] In addition, Mr. Li Wenzhi compiled the legal cases recorded in archives of Board of Punishment (*xingbu*) within the period of the Jiaqing reign (1796-1820). According to his statistics, among 17 legal cases referred to money loans, there are 12 cases concerned with copper cash, and the other five are all dealing with silver coin transactions.[104] Although this statistic is not sufficient to precisely reveal the circulation situation of foreign silver coins in Fujian, it at least shows that silver coins indeed gained a remarkable status in the local market.[105]

The circulation of foreign silver coins was geographically confined to a very limited area. As far as silver currencies are concerned, it is capable to roughly delimit the geographic boundary between the markets of silver coins and of native silver tael,

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[103] Lin Zexu, "Susheng bingwu yangyin chuyang zhe," in *Linwenzhonggong zhengshu, jiangsu zougao, juan* 5, (Changsha: Shangwu yinshuguan, 1935), p.59.
[104] Li Wenzhi ed., *Zhongguo jindai nongyeshi ziliao*, (Beijing: Sanlian shudian, 1957), p.91.
[105] None of the legal cases is concerned with the sycee silver transaction. That is obviously inconsistent with the actual monetary situation in Fujian during the Jiaqing reign. In fact, due to the limitation of cases accepted by Board of Punishment, it cannot disclose the exact pattern of the silver monetary structure at all.

although those two categories of silver money were not completely exclusive in any specific area. Based upon the analysis on contracts from different parts of Fujian, it is detected that the circulation orbit of foreign silver coins was mainly limited to the southeast area, mainly, Zhangzhou prefecture, Quanzhou prefecture, and Yongchun district. There is no doubt that foreign silver coins won their popularity in the regional markets there (Table IV.1.4). In Longxi, Haicheng, Quanzhou and Jinjiang, the number of transactions paid by foreign silver coins accounts for over 90 percent of all.[106] In other words, this statistics discloses that foreign silver coins apparently have been serving as the dominant silver currency in the southeast part of Fujian province since the mid Qianlong reign.

Table IV.1.4: The Statistics of Contracts with Payment by Sycee or Silver Coins, 1755-1885*

Place	Paid by Sycee	Paid by Silver Coins	Total Number
Quanzhou	0	49	49
Nan'an	13	21	34
Jinjiang	1	33	34
Xiamen	0	4	4
Zhangzhou	0	4	4
Longxi & Haicheng	19	259	278
Yunxiao	6	14	20
Yongchun	6	19	25
Dehua	3	10	13
Fuzhou	2	0	2
Houguan	129	2	131
Minqing	40	0	40
Ningde	71	4	75
Fu'an	2	0	2
Nanping* *	14	3	17
Youxi	3	0	3
Chong'an	3	0	3
Ouning	16	0	16
Guangze	2	1	3

[106] There are not enough contracts about the silver transactions in two important places in this region, Zhangzhou and Xiamen. But obviously, they both enjoyed the flourishing foreign trade in Ming and Qing dynasties. Thus, it is believable foreign silver coins should be circulating quite frequently and fluently there. Especially for Xiamen, there are other historical materials prove the popularity of foreign silver coins in the local market.

Xianyou	44	0	44
Lianjiang	1	1	2

* Sources: identical with Tale 1. This statistics deals with the contracts dated from the twentieth year of the Qianlong reign to the fifteenth year of the Guangxu reign. In 1886, the Qing government commenced issuing Dragon dollar in Guangdong.
* * In Nanping county, it is noticed the status of copper cash has been becoming more and more important in the local market. In the period under concern of this statistics, the number of contracts transacted with copper cash reaches 103, far exceeding the number of silver transactions. The amount of money written in contracts sometimes reaches several hundred thousand copper coins. That amount equals to several hundred tael sycee silver in accordance to the exchange rate between copper cash and sycee silver at that time. Minqing county has been facing the similar situation within the Jiaqing reign. From 1813 onwards, there have been 53 contracts in reference to copper cash transactions, vis-à-vis 3 contracts about silver transactions. The transaction amount of money was commonly about several tens of thousand copper coins, even reached several hundred thousand. The same thing also took place in Ouning, Yongchun, Nan'an and Guangze.

In those limited areas, foreign silver coins gradually brought about a great transformation of the local monetary system. It is acknowledged that the coins' names "*fanyin*", "*foyin*" and "*yuanyin*" representing the producing place, the design, and the shape were purely used to distinguish this special kind of silver money from other native silver currencies, say, silver ingots with various shapes. Foreign silver coins have been circulating as Dollar-bullion under China's native "silver tael system" at that time. The four contracts listed below jointly illuminate that foreign silver coins were used in the same way as silver tael was at different places of Fujian at least prior to the mid Qianlong reign.

(In the twentieth year of the Qianlong reign, 1755, in Jinjiang), "[the land] is sold at the price of 5 *liang* 5 *qian* silver weighted by 90% Standard, with the payment by Barbarian Silver."[107]

[107] Yang ed., "Minnan qiyue wenshu zonglu," p.11.

(In the twentieth year of the Qianlong reign, 1755, in Nan'an), "[the land] is sold at the price of 16 *liang* 6 *qian* 7 *fen* silver, with the payment by Circle Silver."[108]

(In the twenty-ninth year of the Qianlong reign, 1764, in Dehua), "[I] asked the middleman again to sell [the land] at the price of 12 *liang* silver weighted by Yong Standard, with the payment by Circle Silver."[109]

(In the sixtieth year of the Qianlong reign, 1795, in Quanzhou), "[I] asked the middleman to sell [the land] at the price of 20 *liang* silver weighted by 90% Standard, with the payment by Buddha Silver. It equals to 20 *liang wenyin* by Treasury Standard."[110]

The uniformity in coins' shape, weight and fineness was impressive to the people in the southeast part of Fujian. They realized the standard of foreign silver coins could be used as a common measure in business. Thus, the Chinese character "*yuan*" (dollar) was finally extracted from the coin's name "*yuanyin*" to serve as the unit of account.[111] It is a milestone that foreign silver coins have been liberated from the native silver tael system, and become the first fully developed silver currency which could perform all basic functions of money in the Qing dynasty. It should be emphasized that, *yuan* as a unit of

[108] Tang ed., *Mingqing Fujian Jingji Qiyue Wenshu Xuanji*, p.58.
[109] Yang ed., "Minnan qiyue wenshu zonglu," p.95.
[110] *Ibid.*, p.18.
[111] The Chinse character *yuan* 圓 seems a bit inconvenient for writing, so people usually substituted it with other two characters with the same pronunciation 員 and 元. And 元 has been kept serving as the name of unit of account even under China's credit monetary system nowadays/

account, same as *wen* for copper cash, in substance means the precise weight and fineness of a silver coin now becoming the Money-unit or common measure of other currencies and goods.[112]

Foreign silver coins started to circulate as the Money-unit in the reigns of Qianlong and Jiaqing. The earliest contract, which can testify silver coins' fulfillment of the Money-unit, is a land deed dated in 1757 in Nan'an county. Within the transaction concerned, the seller sold her garden at the price of 32 *yuan*, namely, thirty-two silver dollars.[113] Actually, the use of this fully developed silver money is referred to not only the transactions of real estates, but also many other economic aspects. Around 1760s, the Confucian colleges (*shuyuan*) in Xiaman frequently paid silver coins for teachers' salaries, students' living costs and traveling expenses, expenses for feasts, and other disbursals; and it has even used silver dollar as the money of account.[114] In the domestic tea market, silver dollar has been employed to price goods.[115] Furthermore, an exchange market also came into existence in the areas where foreign silver coins were circulating actively. The fluctuating quotation of the exchange rate between silver dollar and copper cash has been determined in that market, based upon the supply and demand of both currencies. It is recorded in a contract dated in 1810 that, "borrowed 5,944 copper coins which worth eight Spanish dollar in accordance to the market quotation."[116] This material could convincingly illuminate that, Spanish dollar had become the main and stable the Money-unit and measure of other currencies in the area concerned.

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[112] *Journals of the Continental Congress, 1774-1789*, (Washington: Library of Congress, 1906), vol. IV, p.725.
[113] Tang ed., *Mingqing Fujian Jingji Qiyue Wenshu Xuanji*, p.385. The earliest one in Longxi is dated in 1762; the one in Yongchun in 1758; Jinjiang in 1784; Quanzhou in 1799; Yunxiao in 1817. Yang ed., "Minnan qiyue wenshu zonglu", no.38, 107, 244, 732, 874.
[114] Zhou Kai ed., *Xiamen zhi*, (Taibei: Taiwan yinhang, 1961), pp.52-55.
[115] *Ibid.*, p.649-50.
[116] Yang ed., "Minnan qiyue wenshu zonglu," p.127.

Foreign silver coins, however, did not serve as the fully developed silver money at different places in the southeast area of Fujian by an identical means. From the mid Qianlong reign to the mid Daoguang reign, foreign silver coins had been circulating entirely in accordance to their numbers without reference to their weights at places like Longxi and Haicheng. Among the 88 local contracts of the transactions of silver coins in those two counties from 1762 to 1836, there is only one in which the coins were calculated by their weight, vis-à-vis all the others purely counted by numbers.[117] In Yunxiao, as shown in the contracts after 1817, silver coins were also completely counted by the Money-unit *yuan*, irrespective of their exact weights. However, at some other places typically represented by Quanzhou and Jinjiang, although the Money-unit *yuan* was actually applied to calculate silver coins during the silver transactions, an artificial exchange rate between coins and silver tael was still in need of being labeled in the contracts.

> (In the forty-ninth year of the Qianlong reign, 1784, in Jinjiang) "12 *yuan* Flower Border Silver was received today, which weights 8 tael [Sycee Silver] by Treasury Standard."[118]

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[117] At that time, some unscrupulous merchants always chiseled the silver coins so as to gain some illegal profits, since people usually overlooked the exact weight of each coin when those coins could be circulating by number. Such illegal behaviors also took place in the West under the metallic monetary system. After too many chisels, a coin became quite ragged, so that it would be unacceptable as a countable silver coin but would be calculated by its actual weight.

[118] Yang ed., "Minnan qiyue wenshu zonglu," p.37.

(In the fifty-forth year of the Qianlong reign, 1789, in Jinjiang) "[the land] is priced at 6 *yuan* Buddha Face Silver, equaling 4 tael Sycee Silver by Treasury Standard."[119]

(In the third year of the Jiaqing reign, 1798, in Quanzhou) "My mother asked me to sell [the land] to the Chen's at the price of 60 *yuan* new Buddha Barbarian Silver (*xin fofanyin*), equaling 40 tael Sycee Silver by Treasury Standard."[120]

(In the fifth year of the Jiaqing reign, 1800, in Quanzhou) "[the land] is sold 16 *yuan* Buddha Barbarian Silver (*fofanyin*), equaling 16 *liang* 6 *qian* 6 *fen* Sycee Silver by Treasury Standard."[121]

(In the fourteenth year of the Daoguang reign, 1834, in Quanzhou) "[I] received 50 *yuan* Buddha Face Silver (*fomianyin*), equaling 33 *liang* 3 *qian* 3 *fen* Sycee Silver by Treasury Standard."[122]

It is noticed from the five contracts listed above that, on the one hand, a new accounting system under which *yuan* became the Money-unit to calculate silver coins within transactions did came into existence and served in a distinct way from the native silver tael system under which native silver currencies could not fulfill the monetary function

[119] *Ibid.*, p.35.
[120] *Ibid.*, p.19.
[121] *Ibid.*, p.19.
[122] Tang ed., *Mingqing Fujian Jingji Qiyue Wenshu Xuanji*, p.677.

of unit of account by themselves. On the other hand, the new-born silver dollar system in those places still kept an artificially fixed connection with the silver tael system. In other words, there has been a stable artificial exchange rate between a silver coin and silver tael.

From a point of view, to settle down a stable connection between silver coins and silver tale should be treated as the transformation or the adjustment of the Qing's silver monetary system. The artificial exchange rate between *yuan* and the native imaginary tael---Sycee Silver by Treasury Standard (*wenyin kuping*) was not only convenient for evaluating a kind of silver money in terms of the other, but also the inevitable necessity of a monetary market in which two kinds of silver money coexist. In fact, in the reigns of Daoguang and Xianfeng emperors, some places, like Longxi and Haicheng, where silver coins had won their total independence from the silver tael system, turned back to establish such a stable connection.

In the Guangxu reign, foreign silver coins finally penetrated into the northeast part and the hinterland of Fujian province. The commercial contracts at that time illustrate the circulation of silver coins at the places, like Houguan, Ningde, Nanping and Ouning. The adjustment of the monetary policies of the Qing government furthermore accelerated the popularization of silver coins. In 1886, the Qing government finally approved minting native silver coins---Dragon dollar, and then spread the policy to other provinces. Dragon dollars circulating in Fujian markets mainly came from Guangdong. Those coins immediately won the recognition of Fujian people, due to their reliable quality and higher fineness than foreign silver coins'. Towards the end of the Qing, Dragon dollar became the most important silver currency in the monetary market in the southeast part of Fujian.

Based upon the analysis of economic documents, especially a large number of local contracts, this section fleshed out the picture of the silver monetary structure in Fujian in the Qing dynasty so as to reveal the distinct characteristics of different parts of the province as well as the impact of foreign silver coins on the local monetary system.

The influx of foreign silver coins since mid 16^{th} century led to the gradual transformation of the monetary system of Fujian province, especially in the southeast region. Those coins were at first foisted into the traditional silver tael system to serve as a special kind of silver tael with a different shape and standard. In the Qianlong reign, they began to get their independence from the native silver tael system. Foreign silver coin was empowered to be the first fully developed silver currency which could fulfill the three basic monetary functions by itself, since *yuan* became not only the quantity unit but a measure of value. Based upon that, a silver dollar system operating concurrently with the silver tael system finally came into existence. In the meantime, the Money-unit yuan was artificially connected with the native imaginary tael, like Sycee Silver by Treasury Standard, in the local market so as to determine the exchange rate between a silver coin and silver tael. The circulation of foreign silver coins also brought about the trend of simplification of the silver monetary structure and promoted the progress of the monetary system in the southeast part of Fujian as long as those coins won the dominant status in the regional market.

The circulation of foreign silver coins and their impact on the native monetary system had a strong geographical limitation. Up to the Guangxu reign, the circulation orbit of those coins had been mainly confined to the southeast part of Fujian, mainly including Zhangzhou prefecture, Quanzhou prefecture, and Yongchun district. As for the other

parts of Fujian, the native silver currencies still enjoyed their dominant status. In those areas, silver fineness and weight are two significant elements in the silver tael system. As far as each county is concerned, in most cases, there is a local civil standard for the silver fineness and weight during commercial transactions parallel to the official one. However, in general, the silver tael system of an entire province is quite complicated, since the local standard of each county is usually different from that of the others. The complexity of the silver tael system resulted from the lack of official authority on minting silver currencies in the Qing. Thus, it not only determined that the native silver tael could not serve the function of unit of account by itself, but also predestined that there would be neither a unified nor a uniform silver monetary system in the entire empire.

CASE STUDY II: GUANGDONG

Similar with its neighboring province Fujian, Guangdong began to acquaint its local people with foreign silver currencies in the late 16th century.[123] The interdiction decreed in the Kangxi reign also affected the international trade of Guangdong, and resulted in the gradual fade-out of those foreign currencies in the local currency market.[124] Nevertheless, the influx of foreign silver coins achieved the renaissance after the abolishment of the ban in the course of the oversea trade in the end of the seventeenth century. In 1757, the Qing government closed the Customs located in Songjiang, Ningpo and Amoy.[125] In the meantime, the famous Canton Trading System came into birth. Until 1842 Canton had been the singular official port for China's maritime trade. The monopoly of Hang merchants (*hangshang* 行商) upon the Chinese foreign trade in effect made Canton become the sluice gate for the tremendous influx of foreign silver coins which were mainly brought by foreign merchants with the purpose of procuring Chinese goods. In consequence, Guangdong naturally became the region where foreign silver coins circulated most broadly. In 1833, Lu Kun (1772-1835), General Governor of Guangdong and Guangxi, described in his memorial that, "Eastern Guangdong is the place where barbarians conduct trades; [hence silver coins] were used more widely. Merchants and retail traders both use foreign silver coins as the means of payment."[126]

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[123] Chalmers, *A History of Currency in the British Colonies*, p.391.
[124] Mu, "Qing kai haijin shu," p.996.
[125] In 1684, the Qing government lifted its interdiction on the maritime trade, and opened four ports, namely, Shanghai in Jiangsu province, Mingzhou (today's Ningpo) in Zhejiang, Quanzhou in Fujian, and Canton in Guangdong.
[126] Jiang Tingnan, *Yuehaiguan zhi* (Taibei: Chengwen chubanshe, 1968), 17.24a.

Foreign merchants brought to Canton a great variety of silver coins minted by different countries so as to pay for Chinese goods they needed. Other than the famous silver coins minted in Mexico, silver in coined form which had been recorded in the historical documents concerning Guangdong mainly includes the Patagon Dollar, the American Dollar, the Bolivian Dollar, the Hong Kong Dollar, and the French Trade Dollar. The Patagon Dollar, which was called Horse Money (*maqian* 馬錢) or Horse Sword (*majian* 馬劍) by Cantonese, was minted in Netherlands from 1659 to 1802 (Fig. IV.2.1). The coin's Chinese name is owing to its design of a knight with a sword on the back of a horse. Peng Xinwei pointed out that, the Patagon Dollar weighs 8 *qian* 6 *fen* (or 7 *fen*) under the Kuping standard, and approximately valued 3 guilder.[127] The Patagon Dollar mainly circulated prior to the imports of the Carolus Dollar to Guangdong. The Hong Kong Dollar, which was originally minted in 1866 in Hong Kong, was called Ghost Head Dollar (*guitouyang* 鬼頭洋) by Cantonese (Fig. IV.2.2). The subsections of that dollar had their Chinese name Ghost Head Small Dollar (*guitouxiaoyang* 鬼頭小洋). The American Dollar mentioned here does not merely refer to the American Trade Dollar minted from 1873 to 1885. Actually, the native US silver dollar coins had been brought into Guangdong by the US merchants since 1794, although its absolute quantity was much less than that of the Trade Dollar at the later time. The American Dollar could by no means win its popularity in the local market because in comparison to other foreign silver coins it had much lesser weight and much lower fineness, namely 208 grains at .892. This dollar was called by Cantonese people Unkempt Hair (*pengtou* 蓬頭), due to its design of a female figure with flowing hair representing Liberty (Fig. IV.2.3); it was

[127] Peng, *Zhongguo huobishi*, p.782.

sometimes called Eagle Dollar (*yingyang* 鷹洋) or Bat Dollar (*bianfu* 蝙蝠) owing to its design of an eagle on the reverse side. The Flowing Hair Silver Dollar (1794-95) and the Draped Bust Silver Dollar (1795-1804) were also called Three Flowers Seven Stars (*sanhuaqixing* 三花七星) in Guangdong. The American Trade Dollar was then called Full Flower Eagle Silver (*guhuayingyin* 鼓花鷹銀).[128] The Bolivian Dollar, which had its Chinese name Palm Money (*jiaoqian* 蕉錢) or Tree Money (*shuqian* 樹錢), began to circulate in Guangdong in 1854.[129]

Fig. IV.2.1: The Patagon Dollar, 1732

Fig. IV.2.2: The Hong Kong Dollar, 1866

[128] Chen, "Qingdai Guangdong de yinyuan liutong," p.209.
[129] *Xinzeng yinlun*, (rpt.,1892), 72a.

Fig. IV.2.3: Up: The Flowing Hair Silver Dollar, 1795;

Down: The Draped Bust Silver Dollar, 1795

There are two important points which should be kept in mind here. Firstly, most of those weird Chinese names of different descriptions of silver dollars could be only found out in the specialized pamphlets which were published with a clear intention of helping local people, usually money exchangers to distinguish different those coins. In daily life, foreign silver coins were just known without specific discrimination as Foreign Cash (*yangqian* 洋錢), Foreign Silver (*yangyin* 洋銀), Barbarian Silver (*fanyin* 番銀), or Barbarian Cake (*fanbing* 番餅). Secondly, although many different descriptions of foreign silver coins issued by a variety of countries indeed appeared in the monetary market of Guangdong province, the Spanish dollar and thereafter the Mexican dollar obviously enjoyed a superior status than any other kind of silver dollars. Other dollars were related to the dollars minted in Mexico. *Yinjing Fami* (1826) and *Yinlun Jingxiang* (銀論精詳, 1881) are two money-dealing pamphlets which were both published in Guangdong. It can be noticed in *Yinjing Fami* that, the specific features of other foreign

coins were usually pointed out by the comparison to the Ghost Head Dollar (*guitou* 鬼頭) which in fact referred to the Carolus Dollar; and analogously in *Yinlun Jingxiang* the differentiation of coins was always done by comparing them to the Mexican Dollar. The succession from the former to the latter in Guangdong took place no later than the early 1850s. In 1853, British Consul Messrs Robertson originated and effected an equalization of dollar currency so far as intrinsic value permitted in Canton. [130] Before that time, the Spanish dollar was the only standard coin of account within the foreign trade in Canton. Eduard Kann wrote that, "it was in A.D. 1854 that the Mexican dollar first invaded China."[131] The official acceptance surely stimulated a large quantity of the imports of that dollar, although the imports of the Mexican dollar should have happened long before 1853. [132]

Identical with the situation in the southeastern part of Fujian province, as foreign silver coins flowed into Guangdong in quantities in the course of the international trade, it became practically impossible for local people to go to the money exchangers for each payment. At that time, to set up a comparatively stable exchange ratio between silver coin and silver tael became an applicable and convenient means to place silver coins into the daily currency circulation. Nominally, when the Hang merchants conducted their trade with foreign merchants, the Spanish dollar was tendered at the exchange ratio of 0.717 Kuping tael. [133] In fact, inaccuracies of assay and weight make it likely that this relationship was nothing more than an agreement between the East India Company and

[130] S. Couling G. Lanning, *The History of Shanghai* (1921, rpt, Taibei: Ch'eng Wen Pub. Co., 1973), p.396.
[131] Kann, *The Currencies in China*, p.145.
[132] S. W. William recorded that, "at Chusan (Zhoushan) and Ningpo, during the war of 1842, Republican dollars passed more freely than Spanish dollars." William, *The Chinese Commercial Guide*, p.268.
[133] H. B. Morse, *The Trade and Administration of China Empire* (1907, rpt, Taipei: Ch'eng-wen, 1966), p.164. In this section, while talking about the exchange ratio between the foreign silver coin and the Chinese silver ingot, we will apply the Kuping standard to weighing sycee silver.

the Canton merchants as to the rate at which the latter would accept payments in dollars.[134] However, within the private transactions, the exchange ratio between silver dollar and silver tael was usually lower than 0.717. The ratio was of remarkable difference with regards to specific places in Guangdong. For example, in some places, like Shunde (順德) and Xiangshan (香山), which are located to the south of Canton, the exchange ratio was about 0.67 tael per dollar.[135] It is, however, should be kept in mind that the exchange ratio presented here should be treated as an artificial one. It does not necessarily mean Guangdong people frequently took exchanges between silver in bullion and in coined form. In the contrast, most of the silver payments were tendered by silver coins rather than silver ingots in Guangdong. The rate was then properly one between units of account rather than between the amount of silver in a tael of silver ingot and the dollar coin.[136] Actual exchanges between coin and ingot were made at market rates. The purpose of establishing one such artificial ratio was purely to set up a stable link between the dollar system and the traditional silver tael system, exactly as what happened in southeast Fujian. As a matter of fact, while the Chinese domestic silver tael system was still functioning, the establishment of one such artificial exchange ratio was the necessary fundament to enable silver coins to be paid by number instead of by weight in daily use. As long as the Qing dynasty, the silver tael system was the only one applied to accounting the government revenue, the artificial exchange ratio also rendered local people a convenience to pay taxes by silver in the form of coins. The utilization of silver coins as a mean of state payment will be discussed in the later part of this section.

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[134] King, *Money and Monetary Policy in China*, p.82.
[135] Chen, "Qingdai Guangdong de yinyuan liutong", Fig. 1, p.212.
[136] King, *Money and Monetary Policy in China*, p.82.

Foreign silver coins had spread to the entire territory of Guangdong province as early as the beginning of the nineteenth century. In 1807, Wu Xiongguang (1724-1808), General Governor of Guangdong and Guangxi wrote, "In the provincial capital (Canton), Foshan town and its neighboring area, all trade was conducted in payment of foreign silver. [silver coins] then quickly prevailed to the entire province...Sometimes if people need to use copper cash, they even had to exchange silver ingots for foreign coins first, then were able to exchange foreign coins for cash."[137] This statement may exaggerate the actual status of silver coins in the local private economy. Nevertheless, there is no doubt that silver coins had been already able to circulate freely in the whole Guangdong province prior to the Opium War.[138]

The extensive circulation of silver coins is manifested not only by their wide circulating territory, but also by their frequent uses in a great variety of trades. In the first two decades of the nineteenth century, foreign silver coins had already become the dominant silver money in Guangdong. More precisely, the dollar indeed circulated as the primary means of payment in comparison to the traditional silver ingot. Xu Naiji (1777-1839) mentioned that, in the Daoguang reign, silver coins had been more prevalent than silver ingots in Guangdong and Fujian.[139] This argument could also be bolstered archaeologically. In fact, much fewer silver ingots of Guangdong can be found today in comparison to those of any other province of China. In fact, Guangdong is an exact example of the extreme case which Frank King talked about. Sycee was actually not available in the community and dollars were the only silver money. In the retail sector, it

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[137] *Qingdai waijiao shiliao* (Taibei: Chengwen chubanshe, 1968), *Jiaqingchao*, p.136.
[138] Chen, "Qingdai Guangdong de yinyuan liutong", Table. 4, p.218
[139] Qi Sihe et al. eds., *Zhongguo jindaishi ziliao congkan: yapian zhanzheng*, (Shanghai renmin chubanshe , 1957), vol.2, p.658.

was customary to quote a price in the dollar unit of account. Even in the wholesale sector, like the foreign trade and tax collections, the tael unit of account in which prices were quoted was then purely an imaginary one and all payments in silver involved an exchange transaction. [140]

The profound influence of the dollar on the local economy could be reflected in three aspects. Firstly, the foreign trade within the Canton system essentially relied on the use of foreign silver coins. China had kept enjoying the favorable balance of trade at least until the early 1820s. From 1790 to 1805, the annual average amount of the favorable balance enjoyed by China was on the order of 10 million Custom Tael (*haiguanliang* 海關兩), most of which had to be compensated by the imports of silver in coined form. However, the direction of silver current turned over in the mid 1820s. Instead of the traditional emphasis on the opium imports, nowadays some scholars indicated that the reversion was attributed to manifold factors. An important reason was that, the Japanese and Indian tea shared a large portion of the international market which had been monopolized by Chinese tea. Whatever caused of the silver exports from China, silver coins were also an important means to compensate the unfavorable balance. Furthermore, the Spanish dollar and the Mexican dollar had successively served as the standard coin of account of the international trade in Canton for the entire nineteenth century.

'Secondly, silver coins were also used broadly within the private transactions. Silver coins had become the prevalent means of payment for goods, lands, houses, rents and debts in Guangdong in the turn of the eighteenth and nineteenth centuries.[141] All kinds of daily necessities could also be paid by silver coins. As the dominant silver currency in

[140] King, *Money and Monetary Policy in China*, pp.82-83.
[141] Zhu Nou, *Yuedong cheng'an Chubian*, (1832); See Chen, "Qingdai Guangdong de yinyuan liutong", p.220.

Guangdong, silver coins were closely intertwined with all aspects of the local economy. As shown by the tablet inscriptions all over Guangdong, foreign silver coins had become the staple currency used to make donations to constructions of temples, ancestral halls and other public facilities after the Qianlong reign.[142]

Thirdly, silver coins were capable of circulating as a convenient means of revenue. Richard von Glahn treated this capability as a specific monetary function, viz., a means of state payments.[143] Although it may go too far to claim a means of state payments as a basic function of money, it should be acknowledged that by allowing the use of a given currency in tax payments, the state established a definition of legal tender for state payments. In the gazetteer of Fengshun, a county located next Chaozhou in the far eastern Guangdong province, it is recorded, "in the Qing dynasty, people only used silver coins and copper cash as the means of payment for goods and state taxes."[144] In fact, allowing people to pay taxes by silver coins was the reluctant option of the local governments, because at that time the government could not practically perform its binding authority on local currency in the face of the situation that silver coins had dominated the monetary market. Ironically, silver ingots were still one and only form of silver currency officially accepted to pay taxes by the central government. In order to figure out the contradiction between the central policy and the local reality, the governments of Guangdong had to recast the coins into standardized silver ingots after collecting them from taxpayers, and then the revenue collection was formally accomplished.[145] Actually, the fulfillment of a

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[142] Chen, *Shichang jizhi yu shehui bianqian: shiba shiji Guangdong mijia fenxi*, (Guangzhou: Zhongshan daxue chubanshe, 1992), p.170.
[143] von Glahn, *Fountain of Fortune*, p.18.
[144] Li Tang ed., *Fengshun xianzhi*, (1943, rpt, Shanghai shudian, 2003), p. 136.
[145] *ZJHZ* (Beijing, 1964), p.7.

means of state payments by silver coins was not geographically limited to Guangdong, but, rather, it expanded to some places of other provinces in the 1830s.

In addition, the circulation of foreign silver coins in Guangdong went with an impressive phenomenon---dollar chopping. When foreign silver coins came into China four centuries ago, the Chinese believed they were a kind of silver ingot, and evaluated them by weight and silver content, not by face value. They weighed every silver ingot, and silver coins- a "***quasi sycee***" - weighed them with scales and assayed their purity by their experience and eyesight, chops and even chisels. Chopping, a part of Chinese daily life in dealing with all metallic currencies, was not just aiming at silver coins, but also used with silver ingots.

However, in general, silver ingots were less chopped than silver coins. This was attributed to three main factors. Firstly, silver ingots in China had been circulated for more than 1,000 years and a purity assurance system had already been established. Such a system was usually reliable for the Chinese; they only had to chop silver ingots infrequently. Secondly, A Chinese silver ingot always carried the name chop of its makers; it had been the law for silversmiths to be responsible for the purity of ingots made by them. Most of the time, therefore, the law and practice dictated that people who received silver ingots in payment could be sure of its fineness, and protected if it was found to be of inferior fineness. Thirdly, Chinese silver ingots had derived different patterns- including shapes, weight and purity standard, in different regions of China. People were not used to accepting ingots cast in a pattern of another place unless it was tested by their local assayers or melted down and recast. As a result, Chinese silver ingots got more assaying chops, but less of other forms of chop-marks.

By the late 16th century, Guangdong had been the pioneer in using foreign silver coins, and soon became the largest market in China for imported silver coins because of its early exposure to oversea trade. Local silver ingots there were gradually replaced by foreign silver coins. The wide circulation of foreign silver coins also brought about new problems. Milled silver coins were a new experience to Chinese, and their expertise in authenticating silver ingots did not extend to foreign circular coinage. When first learning to use this fancy silver currency, many Chinese were cheated by counterfeits with low silver content, such as silver plated copper, or in many cases, hollowed out silver coins refilled with base metal such as lead. As time went on, the forgery of foreign silver coins in China never stopped. On the contrary, counterfeiting techniques continuously improved and evolved, the only thing which remained unchanged was the inferior purity of the counterfeited coins, and the loss borne by people when mistakenly received them. The Chinese learned lessons from the mistakes they made, and merchants coached their pupils and employees to always authenticate foreign silver coins in the most rigid way. Since even a coin bearing chop-marks could be a fake, they had to rely on their own eyes and chops, and as a result, the silver coins were repeatedly and heavily chopped. Many fake- detecting skills were exchanged among the merchants, and these were passed from one generation to another. Publications on authenticating foreign coins became ***"must-reads"*** for the Cantonese merchants, especially for the money-dealers.

Foreign silver coins circulating in China prior to the 18th century were typically chopped with the chop-marks in the smaller font; and from the turn of the 18th to the 19th century, or maybe earlier, the bigger-font chop-marks appeared (Fig. IV.2.4). However, the timeline which marked the changing type of chop-marks might not apply

throughout China; most likely, it applied to only Guangdong, probably also to Fujian, where changes from the smaller chop-marks into the bigger ones occurred. Moreover, an American Trade Dollar, which was mainly circulated in Guangdong, bearing the smaller-font chop-marks has been found. This may be an implication that Guangdong Province did not completely abandon the smaller-font chop-marking during the 19th century even as the bigger-font chops became more prevalent. Or, alternatively, in the late 19th century Guangdong may have resumed using the smaller-font chop-marking given the cost associated with heavier chop-marking.

Fig. IV.2.4: Left: Chop-marks in the smaller font; Right: Chop-marks in the bigger font

According to the conditions of chopped silver coins, they were classified as the well-conditioned coins (*guangban* 光板), the chopped coins (*lanban* 爛板), the broken coins (*baiban* 敗板) and the fragmented coins (*suiban* 碎板 or *lingsui* 零碎). The well-conditioned coins indicated the foreign silver coins without chop-marks which were normally preferred by the merchants from Jiangsu and Zhejiang but not favored by the local Cantonese. The chopped coins were the coins which had been chopped repeatedly but still maintained their recognizable surface. The broken coins were referred to those coins which had become defaced, and even become the flat discs; some of those coins

finally turned into a cup-shaped coin (Fig. IV.2.5). And the fragmented coins were the coins which had been seriously damaged after too many times chop-marking, and could hardly keep their form of coins.

In Guangdong, in general, only the chopped coins could be circulating by number rather than by weight. "All shops of Hang merchants and pawnshops treated chops as proofs. The coins without chops could not be exchanged."[146] However, there was no a clear dividing line between the chopped coins and the broken coins. In practice, if a coin was able to be accepted according to the actual ratio between coin and ingot was to a large extent up to the subjective judgment of the receiver on the condition of that coin. Hence, if a coin with many chops was defined as a broken coin, it would have been in most cases used by weight.[147] When the broken coins were exchanged for silver ingots, a certain amount of premium was in need to be paid. Normally, the broken coins weighing one hundred and three to six tael could be exchanged for mere one hundred tael ingots.[148] In addition, it is necessary to emphasize that the circulation patterns of differently conditioned silver coins in different regions of Guangdong provinces were not of uniformity. A diarist recorded that in Guangzhou and Gaozhou prefectures, both the broken and fragmented coins could circulate; in contrast, only the unbroken coins could circulate in Chaozhou and Jiaying prefectures located in the far east of Guangdong province.[149] This differentiation of the circulation patterns of silver coins may be to a large extent resulted from the geo-economic and geo-cultural division which does not coincide with the administrative division. Although Chaozhou administratively belongs

[146] Liang, *Yinjing fami*, 1.47a.
[147] *ZJHZ*, p.860.
[148] *Ibid.*, p.487.
[149] Zhang Xintai, *Yueyou xiaoshi*, (1899), 3.6a

to Guangdong province in the Qing period, it should be more considered a part of the region which also includes Zhangzhou and Quanzhou of Fujian province. As a matter of fact, this region is naturally isolated from the other part of Guangdong province by Mountain Lotus (*lianhuashan* 蓮花山) and Mountain Yinna (*yinnashan* 陰那山).

Fig. IV.2.5: From Left to Right: the well-conditioned coin,
the chopped coin, and the broken coin

There are a wider variety of issues of foreign silver coins minted abroad circulating in Guangdong than that in any other province of China. As a result, the Cantonese cared more about the chops in coins. Chops inevitably resulted in damages to coins. Facing the situation, the Cantonese got accustomed to using foreign silver coins with different levels of damage. Furthermore, even the faked coins could also find their market in Guangdong. According to *Yinjing Fami*, the Cantonese settled a compromise to the counterfeited and faked coins rather than fiercely expelling them out of the local monetary market. They usually set up a certain exchange ratio between the faked coin and silver tael. For example, a faked coin named Slightly White (*weibai* 微白) was at the ratio of 5 *qian* 4 *fen*, and another named Eight White (babai 八白) could only be valued less than 3 *qian* 6

fen.[150] Masui Tsuneo interpreted such a compromise into the character of the Cantonese commercial culture which was distinct from that of the culture in Jiangnan area.[151] But as far as the concrete historical context is concerned, the compromise should be attributed more to the existence of a wider variety of foreign coins in the currency market than to the monetary culture. In fact, many silver coins minted in foreign countries other than Mexico, like the American Trade Dollar and the Hong Kong Dollar, did not flow out of the boundary of Guangdong. Facing the more complicated composition of the current of foreign silver coins, the Cantonese obviously had no more options than allowing all sorts of those coins to circulate in the local currency market. In the meantime, chops naturally became the indispensable feature of coins in circulation.

The silver coins in circulation in Guangdong were of many kinds and of many conditions, and this was an additional complication of the local monetary system. The *dollar* (*yuan* 圓) unit of account was sometimes integrated into the particular silver coins, and sometimes separated from them. An abstract *dollar* unit of account was indeed in existence, and kept its stable relationship with the *tael* unit of account, while the actual price of silver coins would then vary in terms of the *dollar* rather than the *tael* unit of account. That this should be logically possible is apparent not only from the much discussed separation of the unit of account from money itself but also from the fact that the *dollar* unit of account was defined by a silver coin of a particular description and of a particular condition, the supply of which would vary and might even cease.[152]

While the abstract analysis seems quite complicated to follow, the actual historical situation might be simpler. Actually, in most cases the *dollar* unit of account and the

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[150] Liang, *Yinjing fami*, 2.25b-27a.
[151] Masui Tsuneo, *Chūgoku no gin to shōnin*, (Tokyo: Kenbunshuppan, 1986), pp. 120-21.
[152] King, *Money and Monetary Policy in China*, p.83

dollar coin was at par in Guangdong. For example, in the period to the 1850s, in Guangdong except Chaozhou prefecture, the *dollar* unit of account was defined by the Carolus dollar which had been chopped but not defaced. This coin was called Chopped Ghost Head (*lanban guitou* 爛板鬼頭).[153] When in particular occasion people need to exchange the chopped Spanish dollar for the well-conditioned one, they would have to pay 2-5% premium.[154] If other descriptions of foreign dollars are in need to be exchanged for the chopped Spanish dollars, they will be quoted at a discount.[155] In addition, the defaced silver coins were also used at a discount, or purely used by weight. Guangdong people did not show so remarkable discrimination on different descriptions of silver dollars minted in Mexico as Jiangzhe people did. Although the new dollar was quoted at a slight discount---less than 2%---in terms of the old dollar, the discount would soon diminish.[156] This explained why it was much easier for Canton to accept the succession from the Spanish dollar to the Mexican dollar to be the standard coin of account in the foreign trade in 1853 than Shanghai in 1855.

The Opium War and the Second Opium War did not impose as much influence on the circulation pattern of silver dollars in Guangdong as in Jiangzhe and other provinces, mainly because foreign silver coins had successfully dominated the local monetary market in the early nineteenth century.[157] Guangdong was still an important center of China's foreign trade, notwithstanding Canton gave its place as the largest port to Shanghai in 1853. The prevalence of dollars in Guangdong finally spurred the local government to mint the first dragon dollars in the end of the 1880s.

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[153] Liang Shaoren, *Liangbanqiuyu'an suibi* (Shanghai jinzhang tushuju, 1916), 3.7a.
[154] *Ibid.*.
[155] Hunter, *The "Fan Kwae" at Canton: Before Treaty Days*, p.36.
[156] *Ibid.*.
[157] *ZJHZ*, p.860.

The dollar system in Guangdong should be precisely defined as the system operating within the general context of the silver tael system, although in most cases tael itself was nothing more than an imaginary unit of account. In other words, the chopped Spanish dollar and thereafter the chopped Mexico dollar were nothing but silver bullion with imaginarily fixed weight; in the meantime, its fineness was authenticated by chops. The integration of the *dollar* unit of account and the silver currency itself was hence finally accomplished; in that a dollar technically indicated silver in coined form at the fixed fineness and weight. The dollar system is an attitude of mind, and it is based upon the intrinsic value which the dollar is thought to have rather than it has. Meanwhile, other descriptions of foreign silver coins and the defaced or fragmented coins were used by weight, although they were not necessarily recast into silver ingots. Those coins were still quantified by *dollar* (*yuan*). However, in that case, *dollar* was not a unit of account, instead is nothing more than a simple quantifier for silver coins, analogous as *ding* (錠) for silver ingots. Those silver currencies were treated as traditional silver ingots had to be measured by an exterior silver tael system purely because local people did not hold the common belief on their intrinsic value. The relationship between the dollar system and the silver tael system in Guangdong and Fujian was not identical with that in Jiangzhe which will be discussed in the section below.

In brief, various descriptions of foreign silver coins in circulation, the dominant status in the monetary market in the entire province and the diversity of chopped dollars jointly led to the distinguished features of the dollar system and the local monetary structure in Guangdong.

CASE STUDY III: JIANGSU AND ZHEJIANG

This study is inclined to treat Jiangnan and Zhejiang as an integrated area mainly because of two factors. On the one hand, within the period from the 1750s to the 1840s, the demand of this area for foreign silver coins were largely satisfied by the interregional supply from Guangdong and Fujian instead of the direct maritime trade with the outside world. On the other hand, in this section of the study, it is more proper to use the administrative geographic concept "Jiangzhe", including Jiangsu and Zhejiang provinces, than any other concept. Actually, the areas in Jiangzhe in which foreign silver coins indeed circulated consisted of two important geo-economic regions, namely, the "Jiangnan Region", and the "Zhedong Region (the Eastern Zhejiang)".[158] In fact, many works have studied the economic, cultural, and social history of the "Jiangnan Region".[159] According to the definition of this study, the Jiangnan Region geographically refers to the lands immediately to the south of the lower reaches of the Yangtze River, including the southern part of the Yangtze Delta. It encompasses the southern part of Jiangsu Province and the northern part of Zhejiang Province. The Zhedong region refers to the area of Zhejiang province which is located to the east of the Qiantang River, including Shaoxing, Ningpo, Taizhou, Wenzhou, Jinhua, Yanzhou, Quzhou and Chuzhou.

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[158] Within the period under the investigation of this study, the circulation of foreign silver coins has not extended to the region in the north of the Yangtze River. However, Yangzhou may be an exception.

[159] Jiangnan is somewhat vague, since it does not refer to a political jurisdiction with officially set boundaries, so most Westerners now use "Yangzi Delta" to refer to Jiangnan, rather than to a more geographically accurate, inclusive region. Some scholars, like Philip Huang, adopted a narrower definition, including only the most densely populated prefectures near Suzhou; Some others, like Li Bozhong and Kenneth Pomeranz, preferred a broader one, including the Yangtze Delta and even a larger area. See, Philip Huang, *The peasant family and rural development in the Yangzi Delta, 1350-1988*, (Stanford: Stanford University Press, 1990). Li Bozhong, *Agricultural Development in Jiangnan, 1620-1850*, (New York: St. Martin's Press, 1998). And Kenneth Pomeranz, *The Great Divergence: China, Europe, and the Making of the Modern World Economy*, (Princeton: Princeton Univeristy Press, 2000).

The Jiangnan region is the most prolific of China's tea-growing and silk-producing area. Most of its output is the green variety. Some black tea is also produced. In fact, being the most important producing area of tea and silk is the primary reason why this area sucked a large amount of foreign silver from Canton before the Opium War, because tea and silk were obviously the staples of China's foreign trade under the Canton Trade System. In the Qing period, the trade between Canton and the Jiangnan region rested upon four usual routes among which the most reliable and prosperous one is the channel from Canton to Mount Dayu (dayuling 大庾嶺), then through Jiangxi Province along the Gan River (*ganjiang* 贛江) into Anhui Province, then along the Yangtze River to Nanjing, Suzhou and finally to Shanghai (Fig. IV.3.1).[160] On the turn of the seventeenth and eighteenth century, Jiangnan merchants started to prefer to bring back silver than transport goods from Guangdong.[161] That inevitably resulted in a larger influx of foreign silver coins into the Jiangnan region. At that time, the sea trade was nevertheless another important channel for transporting silver coins into the Jiangnan region.[162]

The situation of the Zhedong region was a little different from that of Jiangnan. The economy of the coastal area of Zhedong, especially of Ningpo and Wenzhou, to a large extent relied on the maritime trade. In fact, foreign silver currencies flowed into Ningpo as early as the mid 16th century. Although the interdiction decreed by the Qing government had chilling effects on the oversea trade of Zhedong, this region constantly maintained close connections with Fujian and Guangdong. Hence, it is without doubt that the circulation of silver coins in this region kept pace with that in Fujian and Guangdong.

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[160] Fan Jinmin, "Ming Qing shiqi Jiangnan yu Fujian Guangdong de jingji lianxi," *Fujian shifan daxue xuebao*, 2004.1: 14.
[161] Qu Dajun, *Guangdong xinyu* (1700, rpt, Taibei: Taiwan xuesheng shudian, 1968), 15.6a.
[162] Tao Shu, and Lin Zexu, "Jiangsusheng xingyong yinyuan buzhi yunwang waiyang," in *ZJHZ*, p.45.

However, the silver coins circulating in the coastal Zhedong area had not penetrated into the inland of the Zhedong region, including Yanzhou, Quzhou, Chuzhou and Jinhua. At least based upon the materials gathered, no evidence can demonstrate the silver coins' circulation there.

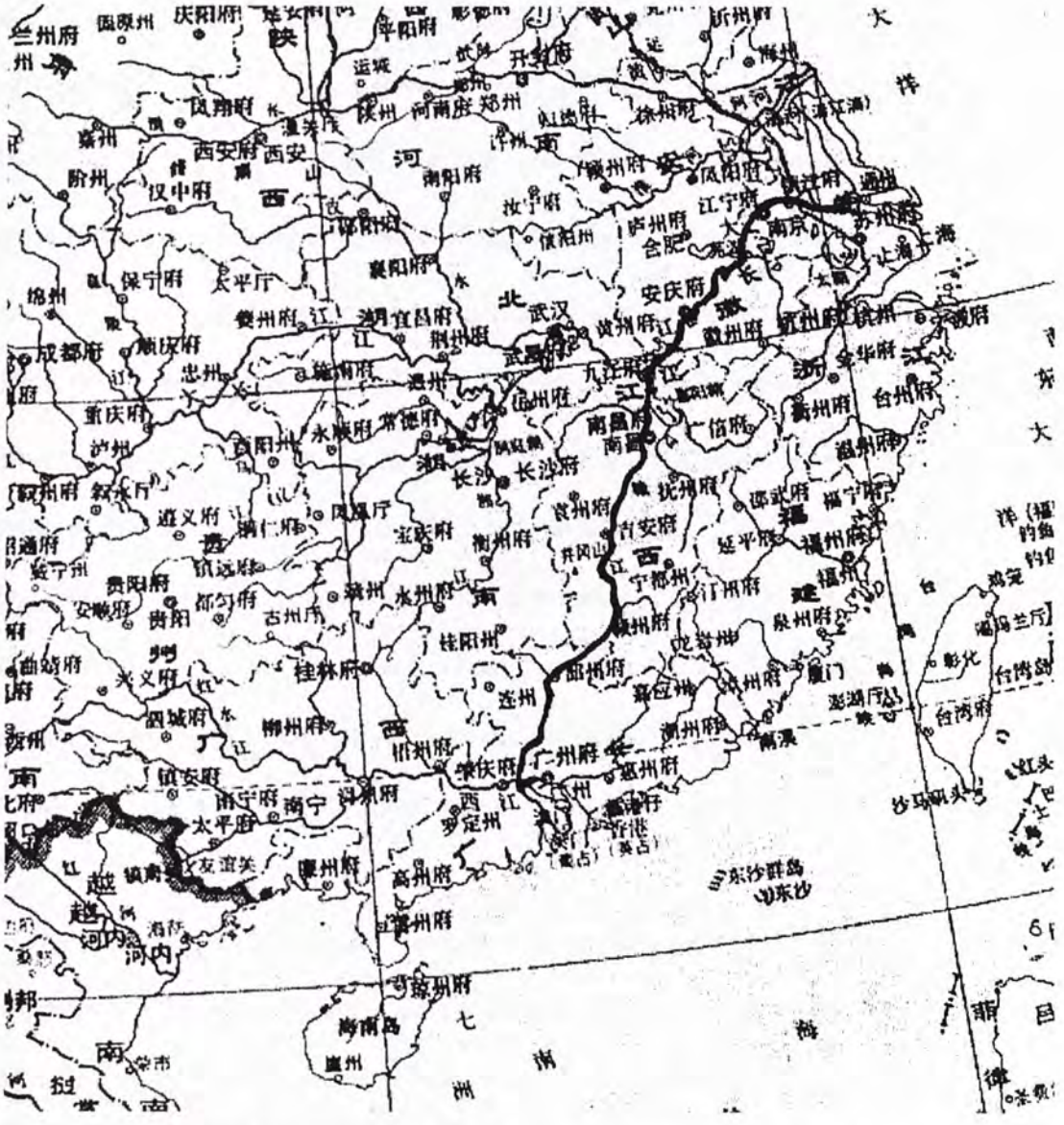

Fig. IV.3.1 The Trade Route between Jiangnan and Guangdong

The use of foreign silver coins in the local economy of the Jiangnan region took place several decades behind it did in Guangdong and Fujian, since most of the coins circulating in the region were brought back by the merchants who conducted their trade with Guangdong and Fujian. The starting point of the circulation of foreign silver coins in the Jiangnan region may be in the 1770s. Wang Huizu (1730-1807), a native of Xiaoshan of Zhejiang province, recorded that, "Until my forth years old (1770), the designation Barbarian Silver (*fanyin* 番銀) had not existed. Silver coins brought by the merchants from Fujian and Guangdong were called Foreign Cash (*yangqian* 洋錢). Those coins could seldom circulate in the market; instead they were used as adornments in weddings. Their price was near that of Market Silver (*shiyin* 市銀).[163] Nowadays, there is no unified monetary law; as a result, the circulation of Barbarian Silver is broader than that of the standardized silver ingots."[164] In 1833, the contemporary General Governor of Jiangnan and Jiangxi Tao Shu (1778-1839) and Governor of Jiangsu province Lin Zexu (1785-1850) memorialized to the Emperor Daoguang that, "We consulted aged merchants and civilians. They said foreign silver coins did not prevail a hundred years ago."[165] A similar record can also be found in *Mingzhai Xiaoshi*, a diary written by Zhu Lian, a native of Shanghai in the 19th century.

The pioneer foreign coin in Jiangnan was the Patagon Dollar minted in Netherlands. From the 1770s onward, the Spanish coins had kept flowing into this region. In 1843 when Shanghai was opened as a treaty port, foreign merchants were surprised to notice

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[163] This may be Adornment Silver (shiyin 飾銀) rather than Market Silver. In fact, those two words have the same pronunciation in Chinese. *Bingta Menghenlu* is in fact a book recorded by Wang Huizu's sons according to his own dictation. Adornment Silver was the general designation of silverware, like silver necklace, which was priced much lower than ordinary silver ingots in the markets.

[164] Wang Huizu, *Bingta menghenlu* (rpt, Beijing tushuguan chubanshe, 1999), 2.79a-b.

[165] Tao, and Lin, "Baogao yingui qianjian qingxing bing qingzhu wuqian zhong yinyuan," in *ZJHZ*, (Beijing, 1964), p.15.

that the Spanish silver coins had long before freely circulated there as in Ningpo, Suzhou and Hangzhou. Much of the smaller business of buying and selling in shopkeeping was transacted in silver dollar, although the great staple articles of the native trade, such as pulse, raw cotton, cotton cloth, etc. were still bought and sold, not by dollars as the gauge of price, but by tael of silver.[166]

Yibanlu, a diary written by Zheng Guangzu, who was a native of Changshu in Jiangsu province, is one of the most significant materials in use to reveal the circulation of foreign silver coins in Jiangnan prior to the Opium War.

> In the early Qianlong reign, people began to hear about the circulation of foreign silver coins. After the fortieth year (1775), foreign coins began to circulate in Suzhou and Hangzhou. At that time, cash-notes were still broadly used in my county, being supplemented by sycee silver. Afterwards, foreign coins were gradually in circulation as the silver price grew higher. [The coins in circulation] included the Horse Sword Dollar (the Patagon Dollar) weighing 9 *qian* 4 *fen*, in exchange for over 900 copper coins; the Double Pillars Dollar and the Buddha Head Dollar which both weighed 7 *qian* 3 *fen*, in exchange for over 700 copper coins. By the fiftieth year (1785), only the Buddha Head Dollar (the Carolus Dollar) was left in circulation. Afterwards, [this dollar] became freely used because it is convenient to carry; hence its price was rising. All goods in Suzhou city had been gradually priced by foreign silver coins. In the second year of the Jiaqing reign (1797), one Buddha Head Dollar was exchanged for 1100 copper coins for a brief moment; soon its price fell down. In the second

[166] *North China Herald*, April 19th, 1856, p.150.

year of the Daoguang reign (1822), a Censor memorialized to the throne that, how a foreign coin weighing only 7 *qian* 3 *fen*, as a currency issued by a foreign country, could be exchanged for over 900 copper coins in China; its price was extraordinarily high in terms of its silver content (at that time a coin weighing 7 *qian* 3 *fen* was equal to sycee silver weighing 8 *qian* 5 (or 6) *fen*.[167] He thought barbarian minted China's silver into coins, and then used them in China in order to procure profits; in the meantime, China was suffering the abuse inexplicitly. As a result of his memorial, the price of foreign coins plummeted. They almost disappeared from the markets of Suzhou and Hangzhou. In lunar July, Governors of Jiangsu and Zhejiang promulgated the proclamations to prohibit the dump of foreign coins, and allowed them to be used at the exchange ratio of 7 *qian* 3 *fen* per coin. The panic was hence stopped. Before long the price of foreign coins rose again (over 900 copper coins). In the twelfth year (1832), it was worth 1000 copper coins; in the twentieth year (1840), a tael sycee silver could be exchanged for 1500-1600 copper coins, and a foreign coin got its price at 1100-1200 copper coins. Recently (1840-49), the price of sycee silver rose a lot, so did that of silver coins. However, the exchange ratio between silver coin and sycee silver had fallen down from 8 *qian* 3 (or 4) *fen* to 7 *qian* 1 (or 2) *fen*. A foreign coin can be exchanged for 1440 copper coins as a tael sycee in exchanged for 2000. [168]

[167] This refers to the memorial "Qing yanjin haiyang toulou yinliang" from Censor Huang Zhongmo.
[168] Zheng, *Yibanlu zashi*, 6.44a-b.

Zheng Guangzu's description indeed rendered us with a lot of important information. The use of foreign silver coins in Jiangnan was a more spontaneous action of local people in comparison to the situation in Guangdong and Fujian. The proclivity of Jiangnan people to use silver coins within private transactions was resulted more from their subjective preference on the standardized milled coin which was uniform in shape, weight and fineness than from the natural structure of local metallic monetary market. We should keep in mind that it has not been proven that the silver money in shape of coins had occupied an indispensable portion of the absolute quantity of money in the Jiangnan region prior to the 1840s. Actually, in Guangdong and Fujian the silver imports through the oversea trade were the most reliable reservoir to satisfy the local thirst for silver; in contrast, the Jiangnan's monetary demand for silver currencies was not vitally met by the supply of foreign silver coins.

The distinguished situation should be attributed to several factors. Firstly, Jiangnan, as the most commercialized area of China, could procure silver through many channels other than the trade with Guangdong and Fujian. Thus, at this point, the silver imports into Jiangnan consisted of not only foreign silver coins, but also domestic silver ingots. Secondly, probably more important, the flourishing banking business without doubt to a large extent alleviated the local demand for silver currencies. In other words, the development of native banks and note banks made the regional monetary market more flexible. Frequent uses of note money had to be based upon the maturity of local banking business, as well as the solid reputation of banking institutions. The broad and reliable use of note money would fill up the vacancy brought about the insufficiency of metallic money in the local markets. This explained why the foreign silver coins were capable of

being withdrawn immediately from the monetary markets of Suzhou and Hangzhou when the ordinary monetary order was disturbed by the government interruption.

It can be also noticed that, the free circulation of foreign silver coins first took place in the metropolises, like Suzhou and Hangzhou; and then radiated to their peripheral areas. The explanation to this particular process of the spread of foreign silver coins includes two main aspects. Firstly, those important commercials centers were the most convenient locations for merchants from Jiangnan and other southern provinces to conduct their interregional trade; that is to say, most of foreign silver coins brought to Jiangnan by those merchants spontaneously flowed into those metropolises. Secondly, those metropolitan cities were always the places facilitated well with the financial institutions, like native banks, note banks, money shops. As a result, foreign silver coins could be expediently authenticated and distinguished; in that it prompted their wider use in a broader area.[169] At this point, the local pre-modern banks indeed endeavored to promote the circulation of foreign silver coins. Most money-notes issued in Shanghai were tendered by silver coins rather than by silver ingots.[170]

In addition, the exchange ratio between silver coin and sycee silver was fluctuating according to the demand for and supply of dollars. Normally, the market exchange ratio was fluctuating between .71 to .84; that is to say, the sycee price of silver coins was much higher than that in Guangdong and Fujian (Table. IV.3.1).[171] Actually, if the content of pure silver was taken into account, foreign silver coins were overvalued in the Jiangnan region. Ironically, even the local government had to settle down an overvalued ratio

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[169] Yan Jingzhou, *Yangyin Bianzheng* (1866), 1.9a.
[170] *North China Herald*, April 19th, 1856, p.150.
[171] In 1833, the sycee price of silver coins was 7 *qian* 3 *fen* in Jiangsu province. But in 1836, the price rose to 8 *qian* 2 *fen*. See Lin, "Yangqian shijia fuyu yinliang qingjin caowuzhe gei yangqian yi ping shijia," in *ZJHZ*, vol.1, p.49.

of .73 in order to reconcile the fierce contradiction between the actual financial situation and the government policies.[172]

Table. IV.3.1 Exchange Ratio between Silver Coin and Sycee Silver in Xiaoshan, 1761-1801

Year	Cash Price of Silver Coin (*wen*/dollar)	Cash Price of Sycee Silver (*wen*/tael)	Exchange Ratio between Silver Coin and Sycee (tael/dollar)
1761	630-640	780-790	0.81
1792	1000	1300	0.77
1797	800	1020-1030	0.78
1799	840-845	1080	0.78
1800	760-770	1000	0.76-0.77
1801	650	900	0.72

Source: Wang Huizu, *Bingta Menghenlu*, 2.57a; and *Menghenlu Yu*, 9b, 37a, 43b, and 64b.

The overvaluation on foreign silver coins was the natural reflection of the local supply and demand of the silver coin market. That the demand exceeded the supply explained why the price of silver coins deviated greatly from their intrinsic value. Firstly, due to the complexity and perplexity of the local copper cash market, people in Jiangnan, especially those in the metropolises, preferred to use standardized silver coins as a subsidiary currency within the retail transactions.[173] As a matter of fact, the monetary chaos caused by the broad counterfeit of copper cash from another perspective boosted the circulation of foreign silver coins in Jiangsu and Zhejiang provinces. In the end of the 18th century,

[172] Lin, "Yangqian shijia fuyu yinliang qingjin caowuzhe gei yangqian yi ping shijia", p.50.
[173] Wang, *Bingta menghenlu*, 2.79a.

there were many descriptions of copper coins which were manufactured by local coppersmiths circulating in the monetary markets of Jiangnan. For example, in Xiaoshang there were at least three kinds of copper coins based upon their copper purities, namely, Time Cash (*shiqian* 時錢) including various descriptions of Small Cash (*xiaoqian* 小錢), Rural Money Cash (*xianghuoqian* 鄉貨錢) and Pawn Cash (*dianqian* 典錢). Pawn Cash was the genuine copper cash issued by the Qing government. Actually, most descriptions of counterfeited coins were made by simply substituting a small part of the genuine cash with some other alloy. In accordance to the law of the Qing dynasty, the coinage of copper cash should be monopolized by the government. However, the weak enforcement of the local government inevitably put the monetary markets in disorder. Facing the turbidity of the copper cash market, local people naturally converted to foreign silver coins, a better subsidiary currency with more reliability and uniformity.[174] The transition of the subsidiary money from copper cash to silver coins in effect increased the local demand for that alien white metallic currency.

Secondly, the quantity of silver coins in circulation in Jiangnan was not as large as that into Guangdong and Fujian. Jiangnan could not control the supply of dollars. In other words, the quantity was determined both by the magnitude of silver imports into those two provinces through the foreign trade and by the amount of silver brought into Jiangnan through the interregional trade. Thridly, foreign silver coins needed to undergo a strict filtration process before they were finally put in the local circulation. The filtration standards were exactly the distinct preferences of Jiangnan people on silver coins of different descriptions and of different conditions.

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[174] *Ibid.*.

Unlike the situation in Guangdong and Fujian, people in the Jiangnan region showed their exclusive preference on the certain types of foreign silver coins which they had been familiar with. In other words, the transportation of foreign coins into Jiangnan could be interpreted as a strict process of filtration. Any novel form of foreign silver coins could by no means be soon accepted by Jiangnan natives. At the starting point of the penetration of a new type of coins, the previous coin which had won its familiarity and popularity among local people usually enjoyed a considerable premium over the new comer. In the 1840s, the Carolus Dollar held its premium of more than 10% over the Mexican Dollar in Jiangnan.[175] The premium was rising higher and higher until 1857 when the Mexican Dollar was officially acknowledged by the Shanghai government as the successor to the Carolus Dollar. The unreasonable privilege of the Carolus Dollar made it impossible for Mexican dollars to circulate in the local markets prior to the 1850s. Ironically, the Mexican Dollar was not the sole victim of Jiangnan people's monetary preference; on contrary, the Spanish dollar itself also suffered the similar calamity. As a matter of fact, an early edition of the Spanish dollar also enjoyed its premium over a late edition. For example, in 1846, the Carolus III and IV dollar, which was called Old Dollar (*laoban* 老闆) by local people, held its premium of 2% over the Ferdinand VII dollar which was called New Dollar (*xinban* 新板).[176] In the 1820s, the premium of the former over the latter even reached 6-7%.[177]

It is safe to claim that, only four descriptions of the Spanish Dollar, including the Double Pillars Dollar, the Carolus III and IV Dollar, and the Ferdinand VII Dollar, could

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[175] "Returns of Trade of the Various Ports of China for the Years 1847, 1848," in *Irish University Press Area Studies Series, British Parliamentary Paper, China*, vol. 40, p. 581.
[176] *The Chinese Repository*, vol. xv, July 1846, p. 471.
[177] Liang, *Yinjing fami*, 2.21a-b.

be used as a broadly accepted means of payment in Jiangnan before 1857. In fact, the quantity of the Double Pillars Dollar in circulation was much smaller in comparison to that of other descriptions of the Carolus Dollar. Specifically, the Carolus III Dollar was called Three *Gong* (*sangong* 三工), the Carolus IV Dollar was called Four *Gong* (*sigong* 四工) or *Gong* Half (*gongban* 工半), and the Ferdinand VII Dollar was called Small Luck (*xiaoji* 小吉) or Small Clean (*xiaojie* 小潔).[178] But in general, the Carolus III and IV Dollars were called Big Robe (*dayi* 大衣), and the Ferdinand Dollar was called Small Robe (*xiaoyi* 小衣).[179] The Carolus III and IV Dollars were more favored by both Jiangsu and Zhejiang people than the Ferdinand Dollar. Even in the 1860s, the dominant silver coin in Zhejiang was still the Carolus IV Dollar.[180]

The discrimination of Jiangnan people on foreign silver coins was not confined to their descriptions; contrarily, it was extended to conditions of silver dollars. In 1836, Deng Tingzhen (1775-1846) described that, in Jiangnan and Zhejiang, all coins in circulation were well-conditioned.[181] Although the statement is exaggerated, it at least reflects the preference of local people on the well-conditioned silver coins. Actually, in Jiangzhe money exchangers normally affixed to the silver coin their signs in ink, by way of guarantee. This does not necessarily mean the money exchangers there never chopped coins. In the contrast, sometimes a chop is hammered into the coin, but never in such a way as to deface, as the same would then cease to be acceptable. In Jiangzhe, the coins without chops were called Mirror Bright (*jingguang* 鏡光), the coins with few chops

[178] Zhu, *Mingzha xiaoshi*, 12. 1a.
[179] Liang, *Yinjing fami*, 2.21a-b.
[180] Yan, *Yangyin bianzheng*, 1.6a
[181] Deng Tingzhen, "Fuyi waisheng xingyong yangqian wu'ai," in *ZJHZ*, p. 48.

were called Slight Flower (*xihua* 細花), those with some more chops were called Scratched Dollar (maoban 毛版), those with many chops were called Broken Dollar (*lanban* 爛板), and those defaced were called Perished Dollar (*baiban* 敗版). [182] Only the well-conditioned coins could circulate by number in the Jiangnan region, whereas the chopped ones had to be used at discount more or less, sometimes even by weight. Thus, when the prices of silver coins were recorded in the local documents, they mostly referred to those of the well-conditions coins.

Because local people preferred to use the well-conditioned coins which could more easily maintained their unified standards of weight and fineness, it was more convenient for foreign silver coins to fulfill their function as a unit of account within the retail trade and private transactions in Jiangzhe. Although documents left nowadays are too scattered to systematically analyze the use of foreign silver coins as a standard measure of value at that time, we are still able to infer silver coins' implementation of the money-unit function from several points. Firstly, both Wang Huizu and Zheng Guangzu provided us with the cash prices of silver coins in Xiaoshan and Changshu.[183] Those prices were *de facto* the exchange ratios between copper cash and silver coin. In other words, the value of a given amount of copper currency could be calculated in terms of silver coins. If silver coins were unable to be paid frequently by number, it would have been meaningless to determine the ratios. Secondly, the exchange ratio between silver coin and sycee silver was fluctuant rather than fixed. This not only demonstrates silver coins were not used by weight, but also illuminates those coins had their own dynamic market which was independent from the market of silver ingots. Thirdly, there were still some materials

[182] Yan, *Yangyin bianzheng*, 1.9a.
[183] See Table. 1, and Zheng, *Yibanlu zashu*, 6.44b.

left which could directly prove that silver coins were used as money-unit to measure the prices of other goods. For example, a contemporary westerner who was living in Shanghai recorded, "In 1850 we find these quotations: Beef, 18 lbs. and Mutton, 12lbs. per dollar. Fat sheep, $4 each. Brown sugar, $6 a picul. Bread, 12 loaves for a dollar."[184] In a word, foreign silver coins indeed circulated as a measure of value (money integrated with a unit of account) in Jiangzhe, especially in the metropolises like Shanghai, Hangzhou and Suzhou; and *yuan* had been applied as an abstract unit to measure values of other goods and currencies.

It should be kept in mind that foreign silver coins had their limited circulation territory in the Jiangnan region. For example, Jiangning was a place immune to the penetration of foreign silver coins, although it was a high commercialized. There was no evidence proving silver coins won any popularity there. Even by 1870s, the status of silver coins in the economy of Jiangning was quite minute. In 1877, Jiangnan people donated money to relieve the severe drought in Zhili, Henan, Shanxi and Shaanxi. Only three percent of the total amount of donation from Jiangning was paid by silver coins. That was distinguished from the situation in other places of Jiangsu and Zhejiang, for example, in Shanghai, Songjiang, Shaoxing, Ningpo, and Jiaxing, over 90 percent of the donation was paid by the Mexican Dollar.[185] Actually, by the 1840s, the circulation of foreign silver coins in Jiangsu could not spread over Suzhou and Songjiang prefectures.[186] Even in those prefectures, the broad use of coins may be only confined to the cities. Within over 300 land deeds and commercial contracts from the rural area next to Suzhou city, which are

[184] G. Lanning, The *History of Shanghai*, p.397
[185] *Shanghai shoujie Zhi Yu Qin Jin zhenjuan zhengxinlu*, (1880), collected in the Institute for Oriental Cultures of Tokyo University.
[186] Lin, "Yangqian shijia fuyu yinliang qingjin caowuzhe gei yangqian yi ping shijia", in *ZJHZ*, p.50.

collected in the Institute for Oriental Cultures of Tokyo University, only 23 pieces were in payment of silver coins, and the other were paid by silver ingots or copper coins. It at least demonstrates foreign silver coins had by no means overwhelmed the silver monetary market of the entire Jiangnan region before the Opium War, although they were quite favored in some metropolises.

As a matter of fact, unlike the situation in Guangdong and southern Fujian, foreign silver coins had not won the dominant status in the local silver monetary market in Jiangzhe, even in the places where silver coins could function as a money standard. It is interesting to notice that silver coins and silver ingots seemed separately enjoy their own markets. The explanation may be silver coins in general played the role of the subsidiary money to silver ingots in Jiangzhe. In the area where silver coins were applied in the daily use, silver money in bullion and coined form were used in the monetary systems in the parallel form; that is to say two silver currency systems existed side by side. Silver coin and silver ingot had fluctuating values in terms of each other, and dealing between them involved an exchange operation and a consequent exchange risk. In Jiangzhe, silver money in bullion and coined form served two different markets or two different types of payments. Actually, silver coins served the retail market and were used for payment of daily wages while silver ingots were used in the wholesale market and for payment of larger transactions. In Jiangzhe, there was a large class of ordinary people dealing entirely in small purchases and receiving daily wages who were not directly concerned with the relationship of silver coin to ingot. It should be pointed out here that, the retail market was originally served by copper cash. However, the rampant invasion of privately issued counterfeited copper coins perplexed the retail market, increased the exchange risk,

and finally pushed local people to look for an intermediate metallic currency. The introduction of silver coins did not absolutely expel copper cash out of the local monetary market; instead it just helped a metallic monetary hierarchy come into birth. The original bifold currency system composed of silver ingot and copper cash was transformed into a trifold system in which silver coin lay between ingot and cash.

The Opium War sharply transformed the circulation pattern of foreign silver coins in the Jiangnan region. The most significant reason to that transformation should be attributed to the rise of Shanghai to take the place of Canton to become the biggest foreign trade center. In 1852, the amount of tea exports from Shanghai for the first time exceeded that from Canton.[187] An important consequence of the swelling foreign trade in Shanghai was the expansion of transactions in payment of foreign silver coins. Much larger bulk of silver coins flowed into Shanghai, and then penetrated into a broader area from there. Although there is no sufficient materials to clarify the exact circulation situation of foreign silver coins in different places after the Opium War, by the late 1870s some new places, like Yangzhou, Zhenjiang, Changzhou prefectures had been added to the list of areas where silver coins had been used.[188]

In the 1850s, there was an important incident which could by no means be neglected. In 1856, the Spanish Dollar unit of account was finally abandoned and the Mexican Dollar became the standard coin in Shanghai. The Spanish Dollar had been the unit of account of China's foreign trade since the 1750s. With the establishment of Mexico Republic in 1821, the Spanish dollar was ceased to be minted. The ever-increasing demand for the Spanish dollar was in no way able to be satisfied by a diminishing supply.

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[187] Guo Weidong, "Lun qingchao xiandao zhiji de chayong'an," in *Ming Qing Luncong* (Beijing: Zijincheng chubanshe, 2001), p.362.
[188] *Shanghai shoujie Zhi Yu Qin Jin zhenjuan zhengxinlu*, 8b.

However, Jiangnan people's exclusive preference on that dollar made its price insanely go up in the 1840s. In 1848, the Carolus dollar enjoyed 10% premium over the Mexican dollar; but in 1855, the premium already rose to over 40%. [189] The ridiculous premium put the foreign trade in chaos, and made foreign merchants unable to tolerate any more. Hence they planed to choose a substitute for the Spanish dollar.[190]Those merchants put great pressures on the Shanghai government, and finally forced Shanghai Daotai to issue a proclamation in August 1855. That proclamation ordered natives to adopt all foreign silver coins at their intrinsic worth after the coming Chinese New Year.[191] Soon the cash price of the Carolus dollar in Shanghai dropped from 1870 *wen* in 1855 to 1050 *wen* in 1857. The incident in 1855 was a milestone in the monetary history of China. It withdrew the curtain of the Mexican dollar era which lasted for over sixty years. Since then, the Mexican dollar had started to flow into China in quantities; and in the late 1860s, it successfully extended its influence to the whole Yangtze valley.

The profound influence of the foreign silver coins in the local economy after the Opium War could be demonstrated by the account book of Jiangsu provincial government.[192] This account book is a valuable material to reveal the circulation pattern of silver coins in Jiangsu in the turn of the 1860s and 1870s. In accordance to the record of that book, at that time, foreign silver coins, merely including the Spanish dollar (*benyang* 本洋) and the Mexican dollar (*yingyang* 英洋), had been considerably used

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[189] G. Lanning, *The History of Shanghai*, pp.392-99.
[190] *North China Herald*, 2 Feburary, 1856, p.106.
[191] "Proclamation by Chaou, Taoutae for the Circuit, &c., Decreeing the general circulation of all dollars, whether of new or old coinage", in *Irish University Press Area Studies Series, British Parliamentary Paper, China* (Shannon : Irish University Press, c1971), vol. 39, pp. 443-44. In 1855, Shanghai Daotai (上海道台) was Zhao Dezhe (趙德轍), who was soon promoted to Governor of Jiangsu Province. See Leung Yuen Sang, *The Shanghai Taitai: Linkage Man in a Changing Society, 1843-90* (Singapore: Singapore University Press, 1990), Appendix 1.
[192] *Jiangsu Buzhengshisi shouyinbu* and *Fangyinbu*, (1867-73), collected in Toyo Bunko.

within the local government finance. Those coins were used to pay salaries, soldiers' pay and provisions, expenses for transportations, expenses for sacrifice to Confucius, traveling expenses, and etc.. Sometimes, the expenses which were originally paid by silver ingots or copper cash were reimbursed by silver coins at exchange ratios.[193] In addition, the local government even spent some special funds to exchange copper cash to silver coins. Those funds were named Exchange Dollar Cash (*yiyangqian* 易洋錢). This account book also testifies foreign silver coins had already enjoyed their independent denominations of account. Distinct from the domestic silver tael system in which the denomination of account of silver ingots was identical with China's weight account, namely, tael (*liang* 兩), mace (*qian* 錢) and *candareen* (fen 分), the unit of account system of foreign silver coins consisted of dollar (*yuan* 元), dime (*jiao* 角) and *cent* (fen 分). It is necessary to point out that, "dime" and "cent" should be more interpreted as two abstract unit of account to which there was no real silver coinage holding the identical face value. It was recorded in *Fangyinbu* that, "on the lunar 23 April, Yuanhe county received the funds of 104 Mexican dollars 1 dime and 5 cents for expenses of Ziyang Confucian College (*ziyang shuyuan* 紫陽書院). The odd lot of the funds exchanged for 172 *wen* copper cash."[194] This is to say, according to the ideal model, 1 dollar = 10 dimes = 100 cents; however, in practice, dimes and cents were normally paid by copper cash in terms of the exchange ratio.

In Jiangzhe, the traditional silver tael system was modified by the introduction of silver coins minted outside China and imported in the course of interregional trade. This entire

[193] *Jiangsu Buzhengshisi fangyinbu*, 8 December, 1867, and 13 May, 1868.
[194] *Ibid.*, 23 April, 1870.

region was divided into two sections: the area where silver coins circulated and the other area where they had not penetrated. By the 1840s, the dollar's circulation was geographically limited to the metropolises and some high commercialized peripheral places. However, its circulation extended to a larger area after the Opium War, especially since the 1850s, because Shanghai was opened as a treaty port and took the place of Canton to become the most important foreign trade center of China.

The deterioration of the copper cash market, including the debasement of copper cash, the prevalence of counterfeiting, and the uncertainty surrounding all dealings in them, increased the local need for a currency for smaller transactions, while the silver tael system might work well for payments in which silver ingots were to be tendered. On the one hand, the dollar in Jiangzhe circulated as a subsidiary coin, taking a fractional value of silver ingots in accordance with the market decision based upon the demand for and supply of dollars rather than with its metallic content. On the other, the dollar was to some extent a rival of the traditional silver ingots because it was natural to be preferred to sycee for silver payments in some specific places on the basis of its overvaluation which violently betrayed its intrinsic value. Nevertheless, in general silver coins had never ejected silver ingots out of the local silver monetary market as they did in Guangdong and southern Fujian. The traditional silver tael system, the new-born dollar system, and even the copper cash system peacefully coexisted. A trifold metallic monetary hierarchy had finally come into being in Jiangzhe.

CONCLUSION

Although quantitative data on money in China, before the twentieth century, are very inadequate, enough evidence exists to show the direction of changes of the monetary system with the introduction of foreign silver coins over the century under this study.

In the nineteenth century the Chinese metallic monetary market had been closely connected with the global economy, especially with the monetary policies of Europe, the United States and Mexico, as well as the gold price of silver in the international market. The territory of foreign silver coins in China in the nineteenth century also demonstrates that their circulation should be to a large extent attributed to the close link with the outside world through foreign trade. Actually, the circulation area of silver coins was confined to the southern coastal provinces, mainly including Guangdong, Fujian, Zhejiang and Jiangsu, all of which were the regions enjoying the most flourishing foreign trade in China. Without direct and indirect trade with foreign countries, the southern coastal provinces were by no means able to procure a tremendous amount of silver in the coined shape that was the precondition for their circulation in their original form in China; otherwise those coins would be melted and recast into silver bullion.

From 1790 to 1890, foreign silver coins were extending the boundary to their circulation area, they did not, however, broadly penetrate into China's hinterland. Their spread prior to the 1890s still relied upon the expansion of the foreign trade and of the Western powers. Hence in the 1860s, along with the opening of many treaty ports located in the northern coast and along the Yangtze River, the circulation of foreign silver coins

started in those places. Nevertheless, the economically undeveloped hinterlands which did not have frequent commercial intercourses with the southern coastal provinces or the treaty ports, were not ready for the circulation of silver coins. Even their knowledge of the alien white metallic currency might be limited.

There is evidence that China in the mid Qing had already developed an effective medium of exchange.[195] In fact, the Chinese monetary system was a highly developed metallic system of the type familiar to early modern Europe. There were measures to minimize its inconveniences. The key difference lying between China and Europe is that the Qing government could not put its control over currencies through the legislation or administration, except copper cash. Actually, the government even lost its control over copper cash at times. The monetary system in the Qing was like *laisser faire*, in that the operation of the system depended more upon the spontaneous adjustment of the monetary market than the effective authority from the government. In most cases, governments followed rather than set down the rules of the monetary market.

The Qing government had never attempted to exert its monopoly upon the issuance of silver currencies; as a result, the traditional silver money in China was never standardized. However, the foreign coinage and the large imports of those coined silver practically helped the Qing government to insert a standard silver currency into the monetary market. The uniformity of shape, weight and fineness enabled foreign silver coin to integrate the extrinsic *dollar* unit of account into the silver currency itself. On the basis of its nature as a full-fledged metallic which fulfilled the three basic monetary functions, it could be used by number instead of by weight during transactions. Thus, a new silver monetary system

[195] Yen-ping Hao, *The Commercial Revolution in Nineteenth-Century China*, (Berkeley & Los Angeles: University of California Press, 1986), p.34.

came into being, differentiating from the traditional silver tael system in which silver currencies were in need of being weighed and authenticated each time. However, for the period before the 1890s the Spanish dollar and thereafter the Mexican dollar could be considered the full-bodied silver currencies. Actually, when foreign silver coins were first introduced into circulation, they were transacted by weight. At that time, those coins should be more properly defined round silver bullion used within the context of the silver tael system. The turning point came in the 1750s for Fujian and Guangdong and in the 1770s for Jiangnan.

The introduction of those alien coins and the naissance of a new dollar system by no means simplified or unified the traditional Chinese monetary system. The central and local governments of the Qing dynasty were reluctant to make the choice between the traditional and newborn silver monetary systems, and even made a compromise to accept silver coins to circulate in their distinct was. Those two silver monetary systems existed and operated side by side, so that it rendered the Chinese monetary market with additional complications. To the treaty-pot merchant the monetary system embodied the worst features of the Chinese character---may even have been responsible for them.[196]

In a metallic currency system, in which currencies themselves are in the meantime commodities, money may or may not be specially prepared for its monetary role, that is, it may be either coin or bullion, either full-bodied or partial. There is, moreover, no absolute superiority or inferiority for them. It is nothing but a fallacy to presume silver coins were necessarily better than silver bullion in all aspects, especially within the concrete historical context of the Qing. In fact, silver coins indeed had their problems and demerits. The milled silver coins had the demand and supply independent of that for and

[196] King, *Money and Monetary Policy in China*, p.229

of silver bullion. The peculiar demand and supply sometimes led to the deviation of coins from their intrinsic value.[197] In addition, within the Qing silver tael system silver ingots could be more easily assayed, protected and accepted on the basis of conventions and laws in comparison to silver coins. The central government's recognition of silver ingots as the means of state payment for taxes also guaranteed the existence and operation of the silver tale system. Based upon the factors mentioned above, the newborn system did not invalidate the traditional one in the southern coastal provinces in the century under the investigation of this study. Instead, the former worked beside or within the latter.

The circulation pattern of foreign silver coins in a certain area of China was by no means identical with that of other areas. It was intimately related to the distinguished regional monetary situation. Firstly, the remarkable differences among regional circulation patterns exactly reveal the distinct processes of the penetration of foreign silver coins into the local monetary markets which had been dominated by silver tael.[198] For Guangdong, southeast Fujian and even eastern Zhejiang, the supply of foreign silver coins mainly depended upon the direct oversea trade with foreign merchants. In contrast, the Jiangnan region had to procure silver coins through the course of the interregional trade, so the silver coin supply of Jiangnan was not as ample as that of those areas.

Secondly, another important regional peculiarity is the different using ways of silver coins. The direct trade with foreigners inevitably led to the imports of silver coins of various descriptions. As a result, it is difficult for the local Chinese to distinguish among them and soon acquaint themselves with those coins with different designs. Thus, in order to authenticate the fineness and weight of those coins, local people had to appeal to

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[197] *Ibid.*, p. 31.

[198] Masui, Chūgoku no gin to shōnin, p. 82.

the traditional assaying way---chop-marking. Chopping coins then gradually became the habitual using way of silver coins in the region, and only coins with chops could circulate in the regional market. Contrarily, the indirect way of procuring foreign silver coins through interregional trade practically worked as an efficient filtration process. Only the coins of the desired descriptions could flow into Jiangnan. Because silver coins were of a limited number of descriptions, Jiangnan people were very familiar with those coins and frequent chops were thus unnecessary. When regional people were accustomed to the coins without chops, the chopped dollar were naturally unfavored and hard to penetrate into the area.

Thirdly, the filtration by requirements on specific descriptions and conditions unavoidably limited the supply of silver coins. In the meantime, the demand for coins was rising due to the convenience brought by the standardized weight and fineness, as well as by the handy quality. The fierce contradiction between demand and supply resulted in the ascending price of silver coins. People were even willing to pay a premium for the convenience of using coins, although the extent of the premium assigned to this convenience changed over time in accordance to the change of demand and supply.

Last but the most important, the different statuses of silver coins in the regional currency markets determined the different relationships between the dollar system and the silver tael system, although in the century silver coins succeeded in circulating by number in all four coastal provinces. In Guangdong and southeast Fujian, silver coins had gradually dominated the local currency markets. In the Qing period, those two provinces were the producing area of neither silver nor copper. The metallic currency markets were mainly sustained by the influx of foreign silver from the outside world. Hence it is natural

for silver coins to play the role as the dominant money there. In that situation, the silver tael system functioned as the broader platform in order to facilitate the operation of the dollar system. On the one hand, silver tael was still the unit of account for some state payments; on the other, the broken and fragmented coins could find the means to be used within the silver tael system. Distinguished from the situation in those two provinces, the relationship between the dollar system and the silver tael system in Jiangnan should be more precisely described as a parallel one. This relationship was also based upon the regional monetary situation. Jiangnan, as the most commercialized region, had the most developed monetary market in China. In fact, in this region, paper money, including silver note, dollar note, and cash note, already served an important role in the monetary market. The regional economy did not rely on the metallic currencies as much as other regions of China. The circulation area of silver coins was not as broad as in Guangdong and Fujian; that is, it was mainly confined to the metropolises and their periphery. In addition, the limited imports of foreign silver coins were not powerful enough to snatch the market used belong to silver ingots. Moreover, the remarkable deterioration of the copper cash market was an important reason for local people to switch to silver coins to find a reliable subsidiary currency as a substitute for copper cash. Thus, in Jiangnan, we cannot see the stable artificial exchange ratio between silver coin and silver ingot. Actually, the silver tael system, the dollar system, and the copper cash system consisted a trifold metallic monetary hierarchy in the region.

China had neither a unified nor a uniform monetary system. It is dangerous to make any generalization of China's monetary system without cautious investigations. The systematical and careful studies of the monetary problems could render a solid foundation

for the studies of Chinese economy and society. However, that can be only achieved with a series of monographs on specific topics, e.g., the precise transportation routines of foreign silver, its remittance through native banks and note banks, its role in the formation of a unified empire-wide market, etc.. This has been one such study.

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